



NAFTA Secretariat, Canadian Section

Performance Report

For the period ending
March 31, 2000

Canada

Improved Reporting to Parliament Pilot Document

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

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

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

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Foreword

On April 24, 1997, the House of Commons passed a motion dividing on a pilot basis the *Part III of the Estimates* document for each department or agency into two separate documents: a *Report on Plans and Priorities* tabled in the spring and a *Departmental Performance Report* tabled in the fall.

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

The Fall Performance Package is comprised of 83 Departmental Performance Reports and the President's annual report, *Managing for Results 2000*.

This *Departmental Performance Report*, covering the period ending March 31, 2000 provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the department's *Report on Plans and Priorities* for 1999-00 tabled in Parliament in the spring of 1999.

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

The government continues to refine its management systems and performance framework. The refinement comes from acquired experience as users make their information needs more precisely known. The performance reports and their use will continue to be monitored to make sure that they respond to Parliament's ongoing and evolving needs.

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

Comments or questions can be directed to the TBS Internet site or to:

Planning, Performance and Reporting Sector
Treasury Board Secretariat
L'Esplanade Laurier
Ottawa, Ontario, Canada
K1A 0R5
Tel: (613) 957-7167
Fax (613) 957-7044



NAFTA Secretariat
Secrétariat de l'ALÉNA
Secretariado del TLCAN

Canadian Section

Departmental Performance Report
for the period ending March 31, 2000

The Honourable Pierre Pettigrew
Minister for International Trade

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
CHART OF KEY RESULTS COMMITMENTS	2
SECTION I: The Minister's Message	3
SECTION II: Departmental Overview	4
1. Mandate and Mission	4
2. Operating Environment	7
3. Business Line	15
SECTION III: Departmental Performance	16
1. Performance Expectations	16
2. Performance Accomplishments	17
SECTION IV: Consolidated Reporting	22
Year 2000 Readiness	22
SECTION V: Financial Performance	23
Table 1 - Summary of Voted Appropriations	23
Table 2 - Comparison of Total Planned Spending to Actual Spending	24
Table 3 - Historical Comparison of Total Planned to Actual Spending	25
Table 4 - Non-responsible Revenues	25
SECTION VI: Other Information	26
Contact for Further Information	26
BIBLIOGRAPHY	27
INDEX	28

EXECUTIVE SUMMARY

The vast majority of trade in North America is conducted in accordance with the well established guidelines of the NAFTA. The United States absorbs 86.8% of our exports, while Canada takes 24% of the U.S. exports. Exports to the U.S. accounts for 32.6% of Canada's GDP. Goods and services trade between Canada and the U.S. have consistently grown from 1994 through 1999. Since NAFTA, Mexico has become Canada's main trading partner in Latin America and its third largest supplier worldwide, only behind the US and Japan. In the last year, Mexico-Canada trade reached \$13.9 billion, 25% more than in 1998.

The NAFTA Secretariat, comprised of the Canadian, U.S. and Mexican Sections, is a unique organization, established by the Free Trade Commission. It is responsible for the administration of the dispute settlement provisions of the Agreement. The mandate of the NAFTA Secretariat also includes the provision of assistance to the Commission and support for various non-dispute related committees and working groups.

More specifically, the NAFTA Secretariat administers the NAFTA dispute resolution processes under Chapters 14, 19 and 20 of the NAFTA and has certain responsibilities related to Chapter 11 dispute settlement provisions. Each national Section maintains a court-like registry relating to panel, committee and tribunal proceedings.

In 1997, the NAFTA Secretariat, Canadian Section was also mandated to administer the dispute settlement provisions of the Canada -Israel Free Trade Agreement and the Canada - Chile Free Trade Agreement. As of March 2000, offices for the Canada - Chile and Canada - Israel Free Trade sections have yet to be established.

In 1998, the NAFTA Secretariat, Canadian Section was asked to administer the panel review initiated under Article V of the Softwood Lumber Agreement between Canada and the United States. Both governments agreed that the NAFTA provides a strong framework for dispute resolution and so decided to utilize this mechanism to facilitate the implementation of the Softwood Lumber Agreement.

The NAFTA Secretariat, Canadian Section is comprised of less than a dozen staff members dedicated to providing efficient and effective support to panel administration in a fair and equitable manner. To improve the level of service provided to its stakeholders, the NAFTA Secretariat, Canadian Section, is in the process of implementing an enhanced NAFTA Secretariat Integrated Information System. This includes the redesign of the Registry Information System, the Motions and Orders Research Database and the Trilateral Financial System.

Figure 1

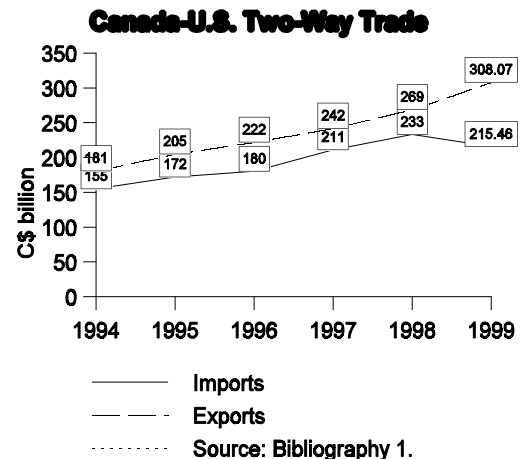


CHART OF KEY RESULTS COMMITMENTS

NAFTA Secretariat, Canadian Section		
to provide Canadians with:	to be demonstrated by:	achievement reported in:
the appropriate administration of the dispute settlement provisions of the North American Free Trade Agreement (NAFTA) and other bilateral agreements in which Canada is a Party such as the Canada - Israel Free Trade Agreement and the Canada - Chile Free Trade Agreement in a manner which ensures unbiased administrative processes, equity, security and fairness while providing quality service.	<ul style="list-style-type: none"> stakeholder feedback 	<ul style="list-style-type: none"> Departmental Performance Report (DPR), Sections II 2. a. iii (page 15) and III 2.a. ii (page 17)
	<ul style="list-style-type: none"> client satisfaction surveys 	<ul style="list-style-type: none"> DPR Sections III 2. a. ii Figure 12 (pages 19-21)
	<ul style="list-style-type: none"> public access to and provision of information including decisions, reports and statistics in accessible formats 	<ul style="list-style-type: none"> DPR Figure 12 (pages 19-21) Internet address: http://www.nafta-sec-alena.org

This *Departmental Performance Report 2000* will outline in more detail the NAFTA Secretariat, Canadian Section's role and responsibilities. Performance indicators reflecting quality of administrative services and an overview of financial performance are also provided.

SECTION I: The Minister's Message

Since the establishment of the North American Free Trade (NAFTA) on January 1, 1994, total trade and investment between Canada, Mexico and the United States have steadily increased each year. Canada's total merchandise trade with the two other countries was approximately \$537 billion in 1999. Canada's merchandise trade with the United States reached \$523 billion in 1999. Two-way merchandise trade between Canada and Mexico has doubled since 1994 and reached \$13.9 billion in 1999. During NAFTA's first 6 years, 1.8 million new jobs have been created, representing an increase of 11% over pre-NAFTA employment level. Foreign direct investment in Canada totalled \$240 billion in 1999, of which more than 72% came from the US and Mexico. Since NAFTA came into effect, investment from the United States and Mexico has increased more than 69%.

A fundamental feature of the NAFTA, like its predecessor, the Canada-United States Free Trade Agreement (FTA), is its efficient dispute settlement processes. These processes provide a mechanism for governments and firms to raise and resolve disputes that are inevitable in such a large and active trading relationship.

The NAFTA Secretariat, comprised of American, Canadian, and Mexican Sections, is responsible for the administration of the dispute settlement provisions of the North American Free Trade Agreement. In addition, the Canadian Section was mandated in 1997, to administer the dispute settlement provisions of the Canada - Israel Free Trade Agreement and the Canada - Chile Free Trade Agreement. The mandate of the Canadian Section also includes the provision of assistance to the relevant Trade Commissions and support for various non-dispute related committees and working groups.

From the inception of the FTA in 1989 until March 31, 2000, a total of 121 FTA, NAFTA and Softwood Lumber Agreement proceedings have been filed with the Secretariat and 92 decisions and reports have been issued under these dispute settlement provisions. On the whole, these procedures have worked remarkably well, lending stability, predictability and transparency to the conduct of business across North America and in turn, this has helped to minimize disputes.

The dispute settlement mechanisms require the provision of impartial advice, accurate information, and timely administrative support. In providing these services, the Canadian Section has succeeded in achieving a consistently high level of client satisfaction. According to survey results compiled in 1999, all clients of the Canadian Section are very satisfied, overall. Further, all clients believed the work and services provided by the Canadian Section outperformed similar administrative bodies. The Canadian Section has implemented a searchable Web Site to facilitate access to relevant information, including FTA and NAFTA dispute settlement decisions and reports.

The Canadian government recognizes that rules-based international trade dispute settlement systems are a critical part of our trade policy and crucially important to the achievement of Canada's economic and social goals. The NAFTA's rules-based dispute resolution system provides critical stability and transparency for Canadian business and investors as they continue to seek new opportunities and secure market access abroad. When disputes do arise, the dispute resolution system serves as a model.

The Honourable Pierre Pettigrew

SECTION II: Departmental Overview

1. Mandate and Mission

a. Mandate

The NAFTA Secretariat is a unique organization created by the North American Free Trade Agreement (NAFTA) for the administration of the dispute settlement provisions of the NAFTA.

The mandate of the Secretariat is set out in Article 2002.3 of the NAFTA and reads:

The Secretariat shall:

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

The Canadian Section of the NAFTA Secretariat has been also given added responsibilities. In 1997, the Canadian Section's mandate was expanded to include administration of the dispute settlement processes under Chapter 8 of the Canada - Israel Free Trade Agreement.

Additionally, the Canadian Section's mandate has been enhanced to include similar provisions under Chapter N of the Canada - Chile Free Trade Agreement. Specific provisions of the relevant Agreements from which the NAFTA Secretariat, Canadian Section derives its responsibilities in providing administrative assistance are outlined in figure 2 below.

Figure 2: Summary of Mandated Responsibilities

North American Free Trade Agreement		
Article 2002.3	Secretariat support	provide assistance and administrative support to the Commission, panels, committees and working groups facilitate the operation of the Agreement
Chapter 11	disputes regarding investment matters	may be referred to certain international arbitral mechanisms
Chapter 14	disputes relating to financial services provisions	may be referred to Chapter 20 dispute settlement procedures
Chapter 19	industry - to - industry disputes relating to anti-dumping, countervailing duty, injury final determinations	may be referred to a binding review process as an alternative to judicial review
Chapter 20	government - to - government disputes concerning the interpretation or application of the Agreement	may be referred to arbitral panels
Canada-Israel Free Trade Agreement		
Chapter 8	disputes concerning the interpretation or application of the Agreement	may be referred to panels of experts
Canada-Chile Free Trade Agreement		
Chapter N	disputes concerning the interpretation or application of the Agreement	may be referred to arbitral panels

The Canadian Section is also called upon periodically by both Parties to administer the dispute settlement provisions associated with the Softwood Lumber Agreement between the Government of Canada and the Government of the United States of America.

Figure 3 - Mandated Responsibilities Chart

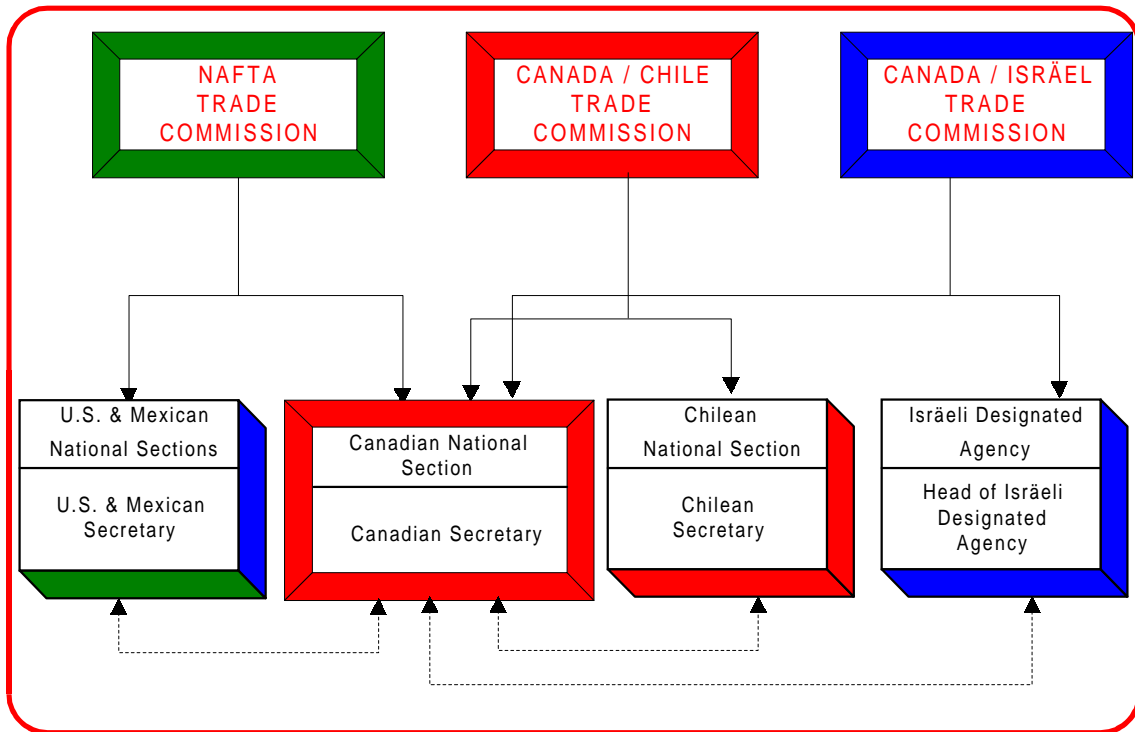


Figure 4 - Mission Statement

The NAFTA Secretariat, Canadian Section is committed to administering the dispute settlement provisions of the NAFTA Free Trade Agreement and other Bilateral Agreements, in a manner which ensures the highest quality of administration and support to its stakeholders, which is impartial, equitable, timely and transparent.

2. Operating Environment

a. Background

Under the Canada-United States Free Trade Agreement (FTA), a Binational Secretariat was created in 1989 to administer the Agreement's procedures to resolve trade disputes. In 1994, pursuant to the Parties' obligation under the NAFTA to establish permanent national Section offices in each country, the Binational Secretariat (Canadian and United States national Sections) became the NAFTA Canadian and United States national Sections, and with the addition of the Mexican Section, make up the NAFTA Secretariat. The national Sections are located in Ottawa, Washington and Mexico City and are headed by Canadian, United States and Mexican Secretaries.

In 1999, trilateral trade among the NAFTA partners, Canada, United States and Mexico reached C\$856 billion, a leap of \$343 billion in just six years. Canada's merchandise trade relationship with Mexico, while growing, is relatively small at \$13.9 billion in 1999. However, our merchandise trade relationship with the United States, \$523 billion last year, is the largest between any two countries in the world. The dispute resolution mechanisms reinforce the continuity of these relationships.

b. Program Objective

The NAFTA Secretariat, Canadian Section's primary objective is to implement the dispute settlement provisions of the North American Free Trade Agreement (NAFTA), the Canada - Israel Free Trade Agreement (CIFTA) and the Canada - Chile Free Trade Agreement (CCFTA). The Canadian Section is also called upon periodically by both Parties to administer the dispute settlement provisions associated with the Softwood Lumber Agreement between the Government of Canada and the Government of the United States of America. The Secretariat executes its program objectives by providing support to panels established under the relevant agreements and by maintaining a court-like registry system relating to panels, committee, working groups and tribunal proceedings.

The objective of the Secretariat is also to facilitate the operation of these relevant agreements through the delivery of professional services and the establishment of corporate management frameworks, policies, processes and systems.

Figure 5

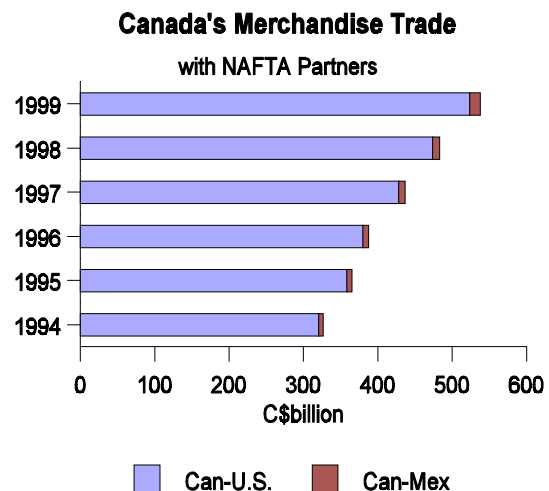


Figure 6: Chart of Dispute Settlement Provisions

Under the NAFTA		
Chapter 11	disputes regarding investment matters	can be referred to certain international arbitral mechanisms
Chapter 14	disputes relating to financial services provisions	can be referred to Chapter 20 dispute settlement procedures
Chapter 19	disputes relating to anti-dumping, countervailing duty, injury on final determinations	can be referred to a binding review process as an alternative to judicial review
Chapter 20	disputes concerning the interpretation or application of the Agreement	can be referred to arbitral panels
Under the Canada-Israel Free Trade Agreement		
Chapter 8	disputes concerning the interpretation or application of the Agreement	can be referred to panels of experts
Under the Canada-Chile Free Trade Agreement		
Chapter N	disputes concerning the interpretation or application of the Agreement	can be referred to arbitral panels
Canada - United States of America - Softwood Lumber Agreement		
Article V.4	disputes concerning the interpretation or application of the Agreement	may be referred to arbitral panels

c. Corporate Objectives

The Canadian Secretariat abides by the objectives of the NAFTA especially the need for transparency, for the effective resolution of disputes and for the establishment of a framework toward further trilateral, regional and multilateral cooperation.

In support of the Program Objective of the NAFTA Secretariat, Canadian Section, the following five corporate objectives have been developed.

- **Commitment to an Unbiased and Equitable Administrative Process**
the NAFTA Secretariat, Canadian Section, is committed to administering the dispute settlement provisions of the relevant Free Trade Agreements and other Bilateral Agreements¹, as directed by the Parties in a manner which ensures unbiased administrative processes, equity, security and fairness.
- **Commitment to Service Quality**
the NAFTA Secretariat, Canadian Section, is committed to maintaining the highest quality of administration to all dispute settlement proceedings.
- **Support to Stakeholders**
the NAFTA Secretariat, Canadian Section, is committed to supporting and providing services to its stakeholders in a manner that is impartial, responsive, accessible and timely.
- **Openness and Accountability**
the NAFTA Secretariat, Canadian Section, is committed to ensuring openness and accountability to the Government, to the relevant Free Trade Commissions² and to the public.
- **Operational Efficiency and Effectiveness**
in keeping with the Federal Government's Blueprint for Renewing Government Services Using Information Technology, the NAFTA Secretariat, Canadian Section, is committed to pursuing alternatives service delivery through the employment of new technologies which enhance information sharing and improve operating practices.

¹ For the purposes of this document, the Free Trade Agreements are the North American Free Trade Agreement, the Canada-Israel Free Trade Agreement, the Canada-Chile Free Trade Agreement. Other Bilateral Agreements include the Softwood Lumber Agreement between Canada and the United States.

² For the purposes of this document, the Free Trade Commissions are the (NAFTA) Free Trade Commission, the Canada-Israel Free Trade Commission and the Canada-Chile Free Trade Commission.

d. Strategic Priorities

To assist in fulfilling the above noted Program and Corporate Objectives, the Canadian Section carried out the following plans and priorities :

- Completed Year 2000 activities in accordance with the approved action plan ensuring that the Secretariat's systems were 2000 compliant by December 31, 1999. (See Year 2000 Readiness Section IV, p 22).
- Compliance with the Federal Government's initiative that all departments manage their finances using an accrual accounting model. In order to be compliant by April 1, 2001, the Canadian Section completed its business case identifying the most appropriate solution which best meets the government's requirements and business needs of the Section. A strategic plan and project governance model were also developed.
- Remained ready to assist with the start-up of the Chilean national Section for the administration of the dispute settlement provisions of the CCFTA. The Chilean national Section is required to be established pursuant to Article N.02 of the CCFTA.
- Remained ready to assist with the establishment and start-up of the designated Israeli Agency, for the administration of the dispute settlement provisions of the CIFTA. The Israeli Agency is to be established pursuant to Article 8.3 of the CIFTA.
- Established liaison relationship and assisted the Secretariat for the Free Trade Area of the Americas as this initiative progressed. The Canadian Section also detached the Deputy Secretary of the Section in order to assist in the administration of FTAA Secretariat.
- Successfully concluded the administration of procedures related to trade dispute provisions of the Softwood Lumber Agreement between the Government of Canada and the Government of the United States of America.

e. Operating Context

There are three key aspects related to the operations and administration of all departments and agencies that must be taken into account when reporting on performance: resources, reach (stakeholders and clients), and results.

In perspective:

In 1999, trilateral trade among the NAFTA partners, Canada, United States and Mexico, reached C\$856 billion. While Canada's merchandise trading relationship with Mexico is relatively small, \$13.9 billion in 1999, our merchandise trade relationship with the United States is the largest between any two countries in the world..

The dispute resolution mechanisms reinforce the continuity of these relationships.

The following is a report on the NAFTA Secretariat, Canadian Section's operations and performance relating to each of these key areas:

i. Resources:

The Parliament of Canada appropriated \$2,224 million in the 1999-2000 fiscal year for the administration of the dispute settlement systems under the NAFTA. The average costs of administering individual panel proceedings have increased, due in part, to the increased complexity of panel reviews and costs related to third language requirements. However, to offset this increase in expenditures, the NAFTA Secretariat, Canadian Section, streamlined and re-engineered its business processes in addition to instituting alternative service delivery mechanisms including co-delivery partnerships, which are outlined in Figure 8.

Figure 7 - External Factors

It is important to note that the following external factors influence the operational expenditures of the NAFTA Secretariat, Canadian Section:

- the Secretariat has no control over the direct costs of panel reviews as they represent non-discretionary costs. Direct costs of panel reviews include remuneration of panelists and their assistants plus associated out-of-pocket expenditures (such as travel, accommodation, and meal allowances);
- the Secretariat has no control regarding the number of panels to be formed in any given year; and
- the Secretariat cannot refuse a request for panel review.

Figure 8 - Co-delivery Partners

<p><i>Shared Services</i></p>	<p>Personnel services → administered by another Department</p> <p>The NAFTA Secretariat, Canadian Section negotiated a Memorandum Of Understanding with another government department for the provision of personnel services, including the processing of pay and benefits for this Agency.</p>
<p><i>Contracting-Out</i></p>	<p>Informatics → contracted-out</p> <ul style="list-style-type: none"> - The NAFTA Secretariat, Canadian Section has a requirement for professional services to support the Secretariat's effort to improve its hardware infrastructure and applications. A support services agreement has been entered into with the private sector to provide Technical and Application support. - In order to improve communications between its employees, partners and the public, the Canadian Section negotiated an agreement with an Internet service provider to increase the efficiency of its connection to the internet. The connectivity solutions implemented substantially reduces the time spent getting online.
<p><i>Co-Location</i></p>	<p>Court rooms → borrowed facilities</p> <p>The Canadian Section negotiated co-location arrangements with other Federal Agencies for the sharing of court room facilities and services which are located in close proximity to the Canadian Section's offices.</p>
<p><i>Cost-Recovery</i></p>	<p>Panel decision publications → cost-recovery</p> <ul style="list-style-type: none"> - The Canadian Section negotiated a Memorandum Of Understanding with the American Section to provide computer and system related services on a cost recovery basis. - The Canada Communications Group Inc. has been authorized to publish and distribute FTA and NAFTA panel decisions. This has enabled the government to recover the costs of printing and distributing these decisions and has enabled the Canadian Section to reassign personnel within the Agency.

ii. Reach:

The NAFTA Secretariat, Canadian Section's Primary Stakeholders are:

- panellists and their assistants;
- NAFTA:
 - ▶ Chapter 19 roster members;
 - ▶ Extraordinary Challenge Committee roster members;
 - ▶ Chapter 14 roster members;
 - ▶ Chapter 20 roster members;
 - ▶ Free Trade Commission (NAFTA); and
 - ▶ representatives of the Parties (the Governments of Canada, Mexico and the United States of America)

In general terms, the Canadian Section's stakeholders include exporters and importers involved in trade related matters in the NAFTA countries and, as of 1997, in Israel and Chile, who wish to take advantage of and utilize the relevant trade dispute-settlement processes.

- Canada - Chile Free Trade Agreement:
 - ▶ Chapter N roster members;
 - ▶ Free Trade Commission (Canada - Chile); and
 - ▶ representatives of the Parties (the Governments of Canada and Chile); and
- Canada - Israel Free Trade Agreement:
 - ▶ Chapter 8 roster members;
 - ▶ Free Trade Commission (Canada - Israel); and
 - ▶ representatives of the Parties (the Governments of Canada and Israel).

Other Stakeholders include:

- legal counsel who represent exporters and importers in the dispute settlement processes, particularly during panel and committee reviews;
- government agencies (for example, in Canada, Canada Customs and Revenue Agency, the CITT and DFAIT);
- individuals directly affected by NAFTA case pleadings;
- academics;
- the media; and
- the general public.

iii. Results:

The Canadian Section has elaborated a comprehensive benchmark survey of its services to measure panellists and assistants satisfaction. Thereafter, the Canadian Section developed service standards and set performance targets for each aspect of these standards.

The Canadian Section provides a copy of its service standards to all panellists and assistants upon their appointment to a panel.

The Canadian Section has been monitoring the satisfaction with its services by requesting that panel participants complete a questionnaire at the termination of each panel review. This feedback enables the Section to evaluate and realign its services if needed on an on-going basis in order to maintain its high service standards.

The results of the client satisfaction survey conducted in 1999 indicate 100% of clients are very satisfied, overall, with the operations of the Canadian Section. More detailed results appear in the Performance Accomplishments Section of this report. (See Section III.2.a. page 17)

Stakeholders Feedback.

(Sample comments*)

“ This was my first NAFTA panel. The Canadian Secretariat was superb. I could not have asked for more.”(1999)

“I have worked ... as a panellist and/or litigent-counsel. My experience with the Canadian Secretariat are by far the most positive. An absolute pleasure (professionally and personally) to work with, and at the highest professional calibre.” (1999)

*Copy of complete comments available upon request.

3. Business Line

The NAFTA Secretariat, Canadian Section has one business line which is identical to its program objective (see Program Objective infra Section II 2. b. page 7).

SECTION III: Departmental Performance

1. Performance Expectations

a. Authorities

Figure 9 - Authorities for 1999-2000

Financial Requirements by Authority (\$ 000)	
	Total Departmental
Planned Spending	2,224
Total Authorities	2,248 ³
1999-2000 Actuals	1,819 ⁴

b. Results Commitments

Figure 10 - Chart of Results Commitments

The NAFTA Secretariat, Canadian Section	
to provide Canadians with:	to be demonstrated by:
appropriate administration of the dispute settlement provisions of the North American Free Trade Agreement (NAFTA), the Canada - Israël Free Trade Agreement and the Canada - Chile Free Trade Agreement in a manner which ensures unbiased administrative processes, equity, security and fairness while providing quality services	• stakeholder feedback;
	• client satisfaction surveys; and
	• public access to and provision of information including decisions, reports and statistics in accessible formats.

³ The increase of \$24,000 in the Total Authorities over the Planned Spending for 1999-2000 is due to Collective Bargaining Agreements.

⁴ Actual Expenditures being less than Planned Spending for 1999-2000 is due primarily to the lower than anticipated proceedings filed under the NAFTA.

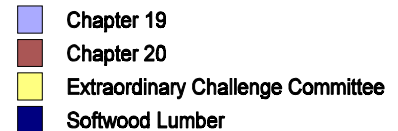
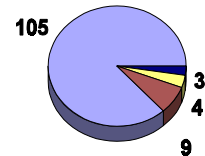
2. Performance Accomplishments

a. Departmental Performance

The departmental performance section of this report provides a perspective on the performance of the NAFTA Secretariat, Canadian Section since 1994 and addresses 1999-2000 departmental outputs.

Figure 11

Panel Reviews and Requests
1989-2000



i. Departmental Outputs

From January 1, 1989 until March 31, 2000, a total of 105 FTA and NAFTA Chapter 19 panel reviews (49 panel reviews under the FTA and 56 under the NAFTA) were filed with the Secretariat. 4 Extraordinary Challenge Committee (ECC) requests have been filed (3 under the FTA and 1 under NAFTA). Additionally, 5 FTA Chapter 18 and 4 NAFTA Chapter 20 (formerly Chapter 18 under the FTA) arbitral panel reviews have been filed with the Secretariat. Since the inception of the FTA, to March 31, 2000, 92 decisions and reports have been issued.

In 1999-2000 fiscal year, the NAFTA Secretariat administered 26 panel reviews under Chapter 19, 4 arbitral panel proceedings under Chapter 20 of the NAFTA and 3 arbitral panel proceeding under Article V of the Softwood Lumber Agreement. 8 Chapter 19 panel decisions were issued by the NAFTA Secretariat in this time period and the remaining proceedings were still under review as of March 31, 2000.

Stakeholders's Feedback

"... in expressing my appreciation for the unparalleled efforts of all in the Secretariat office to make the panel process run smoothly. The diverse and numerous tasks undertaken are always performed in the most professional manner."

ii. Performance Results

In 1999, the Canadian Section's client satisfaction survey was conducted among panel members and assistants.

The highlights of this 1999-2000 performance report indicate that:

- 100% of clients are very satisfied, overall, with the services rendered by the Canadian Section;
- most clients fully believe that the Canadian Section has in place the programs, systems and procedures for appropriately administering the dispute settlement process. These support services have been evaluated by stakeholders accordingly: accuracy (100%), impartiality (100%), responsiveness(100%), timeliness(89%), independence(100%) and accessibility (100%);
- approximately 90% of clients believe that the Canadian Section is very important and the remaining 10% indicate the Canadian Section is somewhat important to the dispute settlement processes of the NAFTA; and
- this year, 100% of panellists and assistants to panellists would want to serve again in their respective role. Most respondents to our survey indicated that their positive experience working with the Canadian Section was a contributing factor.

Figure 12 - Chart of Performance Commitments versus Results

Summary of Results of Client Satisfaction Survey by Service Line - 1999-2000		
Performance Commitments:	Performance Indicators:	Actual Performance Results:
the appropriate administration of the dispute settlement provisions of the North American Free Trade Agreement (NAFTA), the Canada - Israël Free Trade Agreement and the Canada - Chile Free Trade Agreement in a manner which ensures unbiased administrative processes, equity, security and fairness	at least 80% of stakeholders indicating that they are fully satisfied that the NAFTA Secretariat, Canadian Section, administered the dispute settlements provisions of the Free Trade Agreements in a manner which ensures unbiased administrative processes, equity, security and fairness	100% very satisfied that unbiased administrative processes are provided 100% very satisfied that fair and equitable service policy is in place 100% very satisfied with accessibility of the staff
the appropriate administration of a court-like registry for the panel review process at a level comparable to other registries of superior courts of record in Canada	at least 80% of stakeholders indicating that they are very satisfied with all aspects of the administration of the NAFTA Secretariat's court-like registry	100% of all clients are very satisfied, overall, with the NAFTA Secretariat, Canadian Section 100% of clients are very satisfied with all aspects of the administration of the dispute settlement proceedings approximately 90% of clients believe that the Canadian Section is very important to the dispute settlement processes of the NAFTA
the ongoing development and the implementation of programs, systems and procedures which are relevant to clients, impartial, responsive, accurate, timely and independent	at least 80% of stakeholders indicating that they are fully satisfied with the systems and procedures provided by the NAFTA Secretariat, Canadian Section and that they are relevant, accurate, impartial, responsive, accessible, timely and independent	100% of clients are very satisfied with the accuracy 100%, impartiality (100%), responsiveness (100%), independence (100%), timeliness (89%) and accessibility (100%) of the services
the required information and support to panels to ensure their work is accurate, impartial, responsive, accessible, timely and independent	at least 80% of panellists and their assistants indicating that they are fully satisfied with the information and support provided to panels by the NAFTA Secretariat, Canadian Section	100% of clients are very satisfied with the support provided to panels. Clients stated that the Secretariat provided accurate (100%), impartial (90%) and timely (91%) information to support the process and 81% of clients reported that they were very satisfied with the Canadian Section's control and distribution of documents

Performance Commitments:	Performance Indicators:	Actual Performance Results:
open and accountable management and administration of the NAFTA Secretariat, Canadian Section	providing access to decisions, reports and statistical information prepared by this agency and by the reduction in expenditures in selected areas through progressive management initiatives	the Nafta Secretariat has made changes in its business practices especially in finance, informatics, panel activities and electronic distribution of documents. These changes brought efficiency and economies which allowed the Secretariat to reallocate resources to other essential business activities
improved overall effectiveness and efficiency through the use of new information technologies	<p>facilitating greater access for the primary stakeholders through the establishment of a searchable (word and phrase) World Wide Web Internet Site</p> <p>implementation of an enhanced NAFTA Secretariat Integrated Information System, which includes redesign of the:</p> <ul style="list-style-type: none"> - Registry Information System; - Motions and Orders Research Database; and - Trilateral Financial System. <p>system being designed will be taking into account Year 2000 issues</p>	<p>the NAFTA Secretariat has developed a comprehensive trilingual World Wide Web Internet Site that is designed to provide its clients with required information including FTA and NAFTA decisions. To facilitate access to required information by primary stakeholders and other interested parties, the World Wide Web Internet Site is now designed to be searchable by word and phrase</p> <p>All Secretariat Systems have been upgraded to meet Y2K requirements. The Canadian Section has:</p> <ul style="list-style-type: none"> - redesigned and implemented a new IT Infrastructure to meet current requirements and planned initiatives. - undertook a comprehensive review and redesign of the Registry System addressing enhance functionalities such as Motions and Orders and integration with the NAFTA Website. <p>The Canadian Secretariat also conducted a business case, options and analysis to determine the most appropriate solutions in order to comply with FIS requirements</p>
assist with the start-up of the designated Israeli agency and the Chilean national Section, for the administration of the dispute settlement provisions of the Agreements	establish a liaison relationship with the appropriate trade officials in Israel and Chile	<p>in 1997, the Canadian Section's mandate was expanded to include administration of the dispute settlement process under Chapter 8 of the Canada-Israel Free Trade Agreement and under Chapter N of the Canada-Chile Free Trade Agreement</p> <p>the Canadian Section has held an initial meeting with representatives of DFAIT in order to offer assistance to the Chilean Government regarding the establishment of the Chilean Secretariat, National Section</p> <p>at this point in time, no discussions have taken place with Israeli officials concerning the creation of the Israeli Designated Agency</p>

Performance Commitments:	Performance Indicators:	Actual Performance Results:
provide advice to other international trade secretariats such as the Free Trade Area of the Americas (FTAA)	establishing a liaison with the appropriate administrative officials for the FTAA Secretariat	liaison meetings have been held with the FTAA Secretariat to identify items that would be beneficial to the establishment and operation of the office

SECTION IV: Consolidated Reporting

1. Year 2000 Readiness

In response to the Year 2000 issue, the NAFTA Secretariat, Canadian Section developed an action plan to ensure that all:

- ▶ internal systems,
- ▶ external systems (eg. Central Agencies),
- ▶ off-the-shelf standard office software (eg. WordPerfect, Word, Excel, etc.),
- ▶ work-stations and network operating systems, and
- ▶ all hardware (eg. work-stations, file servers, etc.) met Year 2000 requirements;

In concert with the other two national Sections, the Canadian Section established a joint project to convert and redesign the current NAFTA Secretariat Registry Information System.

The objectives of the redesigned system were:

- ▶ to ensure that the NAFTA Secretariat Registry Information System was Year 2000 compliant, and
- ▶ to improve the systems performance by utilizing modern technologies.

The NAFTA Secretariat achieved all its planned objectives for Y2K within milestones and project costs prior to December 31, 1999. Appropriate contingency plans and measures were also developed.

The Secretariat was able to accomplish and meet its Y2K requirements without the need to invoke any of its planned contingency measures.

As part of the Y2K initiatives, a complete redesign of the Secretariat's IT Infrastructure was also undertaken. This resulted in the establishment and implementation of integrated PC Software Technologies (Microsoft Office 2000) and an entire new hardware and software infrastructure providing for enhanced performance, reliance and capability of expanding service delivery.

SECTION V: Financial Performance

Table 1 - Summary of Voted Appropriations

Financial Requirements by Authority (\$ 000)				
Vote		1999-2000		
		Planned Spending	Total⁵ Authorities	Actual
	NAFTA Secretariat, Canadian Section			
50	Program	2,086	2,110	1,681
(S)	Contributions to Employee Benefit Plans (EBP)	138	138	138
	Total Department	2,224	2,248⁶	1,819⁷

⁵ Total Authorities are the Secretariat's Main Estimates

⁶ The increase of \$24,000 in the Total Authorities over the Planned Spending for 1999-2000 is due to Collective Bargaining Agreements.

⁷ Actual Expenditures less than Planned Spending for 1999-2000 is due primarily to the lower than anticipated proceedings filed under the NAFTA.

Table 2 - Comparison of Total Planned Spending to Actual Spending

Departmental Planned versus Actual Spending (\$ 000)			
Business Line	1999-2000		
	Planned	Total Authorities⁸	Actual
Operating	2,086	2,110	1,819
Capital	-	-	-
Voted Grants & Contributions	-	-	-
Subtotal: Gross Voted Expenditures	2,086	2,110	1,819
Statutory Grants and Contributions	-	-	-
Total Gross Expenditures	2,086	2,110	1,819
Less: Respendable Revenues⁹	-	-	-
Total Net Expenditures	2,086	2,110	1,819
Other Revenues and Expenditures			
Non-respendable Revenues¹⁰	(300)	(300)	(130)
Cost of services provided by other departments¹¹	134	134	136
Net Cost of the Program	1,920	1,944	1825
Full Time Equivalent (FTEs)	13	13	9

⁸ Total Authorities are the Secretariat's Main Estimates excluding contributions to Employee Benefits Plans.

⁹ Respendable Revenues were formerly called "Revenues Credited to the Vote".

¹⁰ Non-Respendable Revenues were formerly called "Revenues Credited to the CRF".

¹¹ Costs include accommodations received free of charge from Public Works and Government Services Canada (PWGSC), employee benefits covering the employer's share of insurance premiums paid by the Treasury Board of Canada, and the administration of the pay processing system by PWGSC.

Table 3 - Historical Comparison of Total Planned to Actual Spending

Historical Comparison of Planned versus Actual Spending (\$ 000)					
Business Line			1999-2000		
	Actual 1997-98	Actual 1998-99	Planned	Total ¹² Authorities	Actual
NAFTA Secretariat, Canadian Section	1,280	1,496	2,086	2,110	1,819
Total	1,280	1,496	2,086	2,110	1,819

Table 4 - Non-respendable Revenues

Non-respendable Revenues (\$ 000) ¹³					
Business Line			1999-2000		
	Actual 1997-98	Actual 1998-99	Planned Revenues	Total Authorities	Actual
NAFTA Secretariat, Canadian Section	279	1	300	300	130
Total Non-respendable revenues	279	1	300	300	130¹⁴

¹² Total Authorities are the Secretariat's Main Estimates excluding contributions to Employee Benefits Plans.

¹³ Non-respendable Revenues were formerly called "Revenues Credited to the CRF".

¹⁴ An additional \$136,000 was received and credited to the CRF after the close of year end for fiscal 1999-2000.

SECTION VI: Other Information

Contact for Further Information

NAFTA Secretariat, Canadian Section
90 Sparks Street
Suite 705
Ottawa, Ontario
K1P 5B4

Tel: (613) 992-9388
Fax: (613) 992-9392

Internet Web Site: <http://www.nafta-sec-alena.org>

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INDEX

A	Actual Spending	24,25
	Appropriation	23
	Authority	16,23
B	Background	7
	Binational Secretariat	7
	Business Line	15,24,25
C	Canada-Chile Free Trade Agreement (CCFTA)	5,7,8, 9,10, 20
	Canada-Israel Free Trade Agreement (CIFTA)	5,8,9,20
	Canada Communications Group Inc	13
	Chilean national Section	10,20
	Client Satisfaction Survey	2,15,16,18,19
	Co-delivery Partners	11,13
	Co-location	13
	Consolidated Reporting	22
	Contracting	13
	Contacts	26
	Corporate Objectives	9,10
	Cost-recovery	13
D	Departmental Outputs	17
	Departmental Performance	16,17
	Dispute resolution/settlement process	1,3,4,7,11,14,18,19,20
	Dispute Settlement Provisions, Chart of	8
E	Executive Summary	1
	External Factors	12
	Extraordinary Challenge Committee (ECC)	17
F	Financial Information Strategy (FIS)	20
	Financial Performance	23
	Foreign Affairs and International Trade (DFAIT)	14,20,27
	Free Trade Agreement (FTA)	3,6,7,9,19
	Free Trade Agreement of the Americas (FTAA)	10,21
	Full Time Equivalents	24
I	Information technologies/systems	20
	IT Infrastructures	20,22

M	Mandate	1,3,4 ,5,20
	Mandated Responsibilities Structure	5,6
	Mexican national Section	1,3,7
	Minister's Message	3
	Mission Statement	6
	Motions and Orders Research Database	1,20
N	NAFTA	www.nafta-sec-alena.org
	Non-responsible Revenues	24,25
O	Operating Context	11
	Operating Environment	7
	Other Information	26
P	Performance Accomplishments/Expectations/Results	15,16,17,18
	Personnel services	13
	Planned Spending	16,24
	Program Objective	7,9,15
	Public Works and Government Services Canada	24
R	Reach	11,14
	Registry Information System	1,20,22
	Resources	11,20
	Results	3,11,15,16,18,19
	Results Commitments, Chart of Key	2
S	Shared Services	13
	Softwood Lumber Agreement	1,5,7,8,10
	Stakeholders	9,11,14,18,19,20
	Stakeholders' feedback	2,15,16,17
	Strategic Priorities	10
T	Treasury Board Secretariat	15
	Trilateral Financial System	1,20
U	United States national Section	7
W	World Wide Web3,20 www.nafta-sec-alena.org
Y	Year 2000	10,20,22