



NAFTA Secretariat, Canadian Section

Performance Report

For the period ending
March 31, 2002

Canada

The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament.

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

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

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

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

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Foreword

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

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

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

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

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

Comments or questions can be directed to:

Results-based Management Directorate
Treasury Board of Canada Secretariat
L’Esplanade Laurier
Ottawa, Ontario K1A 0R5

OR to this Internet address: rma-mrr@tbs-sct.gc.ca



Canadian Section

Departmental Performance Report for the period ending March 31, 2002

The Honourable Pierre Pettigrew
Minister for International Trade

Table of Contents

SECTION 1 - INTRODUCTION

1.1	The Minister's Message	1
1.2	Strategic Context.....	2
1.2.1	Overview of the Dispute Settlement Provisions	2
1.2.2	Roster Members	2
1.2.3	Panel Selection.....	3
1.2.4	Rules of Procedure.....	3
1.2.5	Panel Decisions and Reports.....	3
1.2.6	Extraordinary Challenge Procedure.....	4

SECTION 2 - OPERATING ENVIRONMENT

2.1	The Mandate of the NAFTA Secretariat	5
2.2	The Canadian Section.....	6
2.2.1	Mission Statement.....	6
2.2.2	Program Objective.....	6

SECTION 3 - PERFORMANCE ACHIEVEMENTS

3.1	Support to Stakeholders.....	8
3.2	National and International Collaboration.....	9
3.3	Client Service Improvement	11
3.4	Operational Efficiency and Effectiveness	12
3.5	Openness and Accountability	13

HOW TO CONTACT US	14
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Annex A	Organizational Chart.....	15
Annex B	Guiding Principles	16
Annex C	The NAFTA Secretariat, Canadian Section's Parliamentary Accountability Structure	17
Annex D	Financial Tables	18

SECTION 1 – INTRODUCTION

1.1 The Minister's Message

International trade has led to improved opportunities and prosperity over time. Despite the global economic slowdown in 2001, Canada recorded strong trade results. Last year Canadians exported nearly \$468 billion in goods and services, about 43.1 percent of our gross domestic product (GDP) and imported \$413 billion in goods and services. The North American region accounts for a significant proportion of Canada's trade. In 2001, Canada exported \$353 billion worth of goods to the U.S. and Mexico and imported \$230 billion. The North American Free Trade Agreement (NAFTA) has brought economic growth in and rising standards of living for all three countries.

These figures illustrate the importance of international trade for Canada's economic growth. They also highlight the value of the rules-based framework for international trade that is provided by free trade agreements, such as the NAFTA. Moreover, our successful trade performance underscores how critical it is to have efficient mechanisms to minimize potential trade disputes and to resolve those that may inevitably arise in relation to such a huge flow of goods and services.

Through expeditious and effective dispute settlement procedures, the NAFTA has established a strong foundation for future growth. The NAFTA Secretariat, through its Canadian, United States, and Mexican national Sections, administers these procedures, which have made the conduct of business in North America more stable, predictable and transparent. The Canadian section is also responsible for the administration of the dispute settlement provisions under the Canada-Israel and Canada-Chile Free Trade Agreements.

The Canadian Section provides administrative, operational and logistical support to the dispute settlement panels in a context where different legal, linguistic, business, and cultural traditions govern. Specifically, it provides services such as translation and interpretation, distribution of documents, record keeping, safeguarding and dissemination of records of completed panel reviews. The Secretariat also provides logistical planning for panel meetings and hearings, administrative and accounting services, as well as procedural guidance regarding the rules of procedures and the Code of Conduct for panelists and their assistants. Last year the Canadian Section of the Secretariat performed these functions with a workforce of 13 employees (full time equivalents) and at a net cost of \$1,882,000.

In 2001, the Secretariat administered a total of 32 panel and committee proceedings, of which two were terminated by mutual consent of participants, three were completed with four decisions issued and the remaining proceedings were still under review as of March 31, 2002.

The Honourable Pierre Pettigrew

1.2 Strategic Context

1.2.1 Overview of the Dispute Settlement Provisions

The principal dispute settlement mechanisms of the North American Free Trade Agreement (NAFTA) are found in Chapters 11, 19 and 20 of the Agreement. As well, disputes relating to agriculture and sanitary and phytosanitary measures of Chapter 7, government procurement provisions of Chapter 10 and financial services provisions of Chapter 14 may be referred to dispute settlement procedures under Chapter 20. Disputes relating to the non-compliance of a Party with a final award under the investment provisions of Chapter 11 may be referred to dispute settlement under Chapter 20.

Chapter 19 establishes a mechanism to review the final determinations in antidumping and countervailing duty cases, with review by independent binational panels. A Panel is established when a *Request for Panel Review* is filed with the Secretariat by an industry asking for a review of a decision respecting imports from a NAFTA country. In Canada, it is the Canada Customs and Revenue Agency (CCRA), which makes dumping and subsidy determinations, while the Canadian International Trade Tribunal (CITT) conducts inquiries as to whether or not the dumping or subsidy has caused injury to the domestic industry. The dumping, subsidy and injury determinations of these two agencies or those of their equivalents in the U.S. and Mexico, can also be appealed, in Canada to the Federal Court of Appeal, in the U.S. to the Court of International Trade and in Mexico to the *Tribunal Fiscal de la Federación*. Therefore, the dispute settlement mechanisms agreed upon by the three NAFTA countries in this Chapter, provide for an alternative to judicial review by domestic courts.

The dispute settlement provisions of Chapter 20 are applicable to disputes regarding the interpretation or application of the NAFTA. The steps set out in Chapter 20 are intended to resolve disputes through consultations, if at all possible. The process begins with government-to-government (the “Parties”) consultations. If the dispute is not resolved, a Party may request a meeting of the NAFTA Free-Trade Commission (comprised of the Ministers responsible for Trade of the Parties). If the Commission is unable to resolve the dispute, a consulting Party may call for the establishment of a five-member panel.

1.2.2 Roster Members

The Parties have established rosters of individuals from which panelists are appointed to settle disputes. Members of these rosters are of good character, high standing and repute and have been chosen strictly on the basis of objectivity, reliability, sound judgement and with a general familiarity with international trade law. There are NAFTA rosters (one per country) for Chapter 11 (Investment), Chapter 14 (Financial Services), Chapter 19 (Antidumping and Countervailing Duty Matters and Extraordinary Challenge Procedure) and Chapter 20 (Institutional Arrangements and Dispute Settlement Procedures). In Canada, the Governor-in-Council appoints roster members, on the recommendation of the Minister for International Trade.

1.2.3 Panel Selection

When a Request for Panel Review is filed under Chapter 19, a panel of five members is selected from the national Roster list by the Minister for International Trade and his counterpart in the United States or Mexico (Chapter 19 panels are always binational in composition). Each involved government in the dispute appoints two panelists, in consultation with the other involved government. The fifth panelist is from one of the two countries and generally alternates with each dispute.

Under Chapter 20, an arbitral panel is established using a reverse selection process. Under this process, each disputing Party selects two panelists who are citizens of the other disputing Party. The chair of the panel is selected by the disputing Parties and may be a citizen of a NAFTA Party or any other country.

To be selected to serve on a specific panel, roster candidates must complete Disclosure Statements pursuant to the NAFTA Code of Conduct. The Code is fundamental to the process. The governing principle is that roster members and panelists must disclose any interest, relationship or matter that is likely to affect their independence or impartiality or that might create an appearance of impropriety or bias.

1.2.4 Rules of Procedure

Chapter 19 panel review is a quasi-judicial process. It is guided by detailed rules of procedure. The rules include time limits for each step in the process. 315 days is the ideal time it takes from the date a Request for a Panel Review is filed to the issuance of a panel decision.

Chapter 20 is also guided by model rules of procedure and the process is scheduled to take approximately five months. Under this process, the involved Parties may submit written submissions to the panel and at least one hearing will take place in the capital of the country complained against.

1.2.5 Panel Decisions and Reports

Under Chapter 19, a panel may do one of two things in its decision. It may uphold the final determination (see 1.2.1), or it may remand it - i.e. send it back - to the investigating authority. In the later case, the panel may issue another decision on the agency's determination on remand, as it may affirm or remand it again to the investigating authority.

Panel decisions under Chapter 20 are called “reports”, as they contain findings of fact and any recommendation the panel may have to resolve the dispute.

Panels decisions and reports are available on-line and in the official languages of the NAFTA participative countries by accessing the NAFTA Secretariat tri-lateral website (www.nafta-sec-alena.org).

1.2.6 Extraordinary Challenge Procedure

Chapter 19 panel decisions are binding on the involved NAFTA Parties and appeal of panel decisions to domestic courts is prohibited. NAFTA 1904(13), however, allows an Extraordinary Challenge Committee (ECC) procedure, which may be invoked only by a NAFTA Party and not by other interested persons (private parties). The challenge is not an appeal of right but a safeguard to preserve the integrity of the panel process.

A request for an ECC may be filed if an involved Party alleges that:

- (a) *a member of the panel was guilty of gross misconduct, bias, or a serious conflict of interest, or otherwise materially violated the rules of conduct,*
- (b) *the panel seriously departed from a fundamental rule of procedure, or*
- (c) *the panel manifestly exceeded its powers, authority or jurisdiction set out in Article, for example by failing to apply the appropriate standard of review.*

Annex 1904.13.3 makes it explicit that ECCs, if convened, must examine “the legal and factual analysis underlying the findings and conclusions of the panel’s decision in order to determine whether one of the grounds [for resorting to the extraordinary challenge procedure] has been established, ...”.

Extraordinary Challenge Committees are composed of three members selected from a Roster of judges or former judges of a federal judicial court of the United States or a judicial court of superior jurisdiction in Canada, or a federal judicial court of Mexico.

Under the Canada-U.S. Free Trade Agreement (CUFTA) there were three ECC proceedings. All failed as not having met the test. There is one active ECC proceeding under the NAFTA involving the United States and Mexico.

SECTION 2 – OPERATING ENVIRONMENT

2.1 The Mandate of the NAFTA Secretariat

The NAFTA Secretariat comprised of the Canadian, United States and Mexican national Sections is a unique organization, established by the NAFTA Free Trade Commission. The national Sections are located in Ottawa, Washington and Mexico City and are headed by the Canadian Secretary, the United States Secretary and the Mexican Secretary (see Annex A for an Organizational Chart).

The mandate of the Secretariat is set out in Article 2002.3 of the North American Free Trade Agreement (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.*

Additionally, the national Sections have responsibilities relating to the administration of non-NAFTA dispute settlement processes. For instance, the Mexican Section of the NAFTA Secretariat administers other agreements such as the Mexico-Costa-Rica Free Trade Agreement. Similarly, the U.S. Section oversees the U.S.-Israel Free Trade Agreement.

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

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

2.2 The Canadian Section

2.2.1 Mission Statement

The NAFTA Secretariat, Canadian Section is committed to administering the dispute settlement provisions of the NAFTA 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.*

** For the purposes of this document, they are the Canada- Israël Free Trade Agreement and the Canada-Chile Free Trade Agreement.*

2.2.2 Program Objective

The NAFTA Secretariat, Canadian Section's primary objective is to efficiently administer the dispute settlement provisions of the North American Free Trade Agreement (NAFTA), the Canada – Israël Free Trade Agreement (CIFTA) and the Canada – Chile Free Trade Agreement (CCFTA).

The Canadian Section abides by the objectives of the NAFTA especially the need for transparency, the effective resolution of disputes and the establishment of a framework toward further trilateral, regional and multilateral cooperation¹. In this regard, staff members are dedicated to provide a fair, equitable and timely administration of these processes and to manage a court-like registry system.

More specifically, the core activities include:

- receiving, filing and serving pleading documents;
- providing professional and advisory support to panels and committees ;
- organizing hearings;
- providing logistical support to hearings;
- publishing official notices relating to panel and committee proceedings in the *Canada Gazette*;
- coordinating the issuance of panel orders, decisions and/or reports;
- providing cost management of panel reviews;
- controlling access to confidential/proprietary information in accordance with the rules of procedure;
- participating in Chapter 19 Working Group meetings; and
- maintaining indefinitely authentic copies of panel proceedings records.

In support of the administration of the dispute settlement processes, the Canadian Section also provides information and research services. This is achieved through initiatives such as:

- the establishment of an Internet Website (www.nafta-sec-alena.org);
- the maintenance of a motions and orders database;

¹ The Deputy Secretary of the NAFTA Secretariat, Canadian Section, served 18 months as the first Executive Director of the Free Trade Area of the Americas (FTAA) Secretariat in 1999-2000.

- public access to its library and reference center (soon, via the National Library network, two-way interlibrary loans will be feasible); and
- the conduct of research and analysis on legal and trade related issues.

In the interest of furthering public understanding of the Secretariat's role, the Secretary and Deputy Secretary also engage in the promotion of the Secretariat's mandate and accomplishments in their respective domain of expertise in front of various audiences.

The Guiding Principles for achieving the program objective are described in Annex B.

Legislation governing the work of the Canadian section is as follow:

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

The reporting structure for Parliamentary accountability is through the Minister for International Trade (see Annex C). The Canadian Section's principal officer is the Canadian Secretary, responsible for overseeing corporate resource management and registrar functions, communications and outreach activities with all levels of government and non governmental organizations.

The Parliament of Canada appropriated \$2.323 million for the administration of the dispute settlement processes under the NAFTA in the 2001- 02 fiscal year; actual expenses were \$1.882 million (see Annex D for Financial Tables).

The NAFTA Secretariat's work is of special interest and importance to Canadian taxpayers, domestic industries and their workforce, importers, exporters, members of the legal community and consultants involved in trade matters.

SECTION 3 – PERFORMANCE ACHIEVEMENTS

In perspective:

In 2001, trilateral trade among the NAFTA partners, Canada, United States and Mexico, reached over \$1 trillion.

Canada's 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 NAFTA Secretariat strives to maintain a high level of quality of service that is both impartial and independent in the administration of the dispute settlement provisions of the North American Free Trade Agreement. In 2001-2002, the Secretariat administered thirty-one (31) panel reviews under Chapter 19 and one (1) ECC proceeding. In the same period, four (4) Chapter 19 panel decisions were issued. As well, two (2) panel reviews were terminated by mutual consent of participants, three (3) were completed and the remaining proceedings were still under review as of March 31, 2002.

The Canadian Section efficiently handled its workload by utilizing its Integrated Registry Information System. The Registry has processed, tracked and monitored panel review documents, ensuring confidentiality, speedy service, timely communication and research activities throughout the life of the panel proceedings.

To maintain the quality of the service it provides, the Canadian Section identified in its *Report on Plans and Priorities* for 2001-2002 a number of priority activities it intended to undertake during the fiscal year. This section describes the progress attained in the pursuit of these priorities.

3.1 Support to Stakeholders

The Secretariat's primary clients are panel of experts who hear and render decisions on trade disputes arising under the NAFTA. The NAFTA Secretariat collects, disseminates and safeguards relevant panel review information; provides administrative, logistic and financial support to panels; advises panels on procedural aspects of the NAFTA, rules of procedures and the Code of Conduct.

- This past year, several direct improvements were made to services directed at panelists. Perhaps most significant was the fact that in 2001, on advice from the Secretariat, the NAFTA Free Trade Commission approved an increase in the per diem rate paid to panelists, from C\$400 to C\$800 per day. This was the first increase since the rate was established in 1989 for the Canada – U.S. Free Trade Agreement. In 2001-2002, we were able to manage the budgetary impact of that decision from existing resources, as it only came into force October 1st 2001. More importantly, the increase in compensation will continue to ensure that the NAFTA governments have access to a roster of qualified experts to settle trade disputes.

In addition, beginning in July 2001, the Canadian Section of the Secretariat introduced new procedures for panelists and suppliers payments. Internally,

invoices are now processed in three days – significantly better than the Secretariat’s service standard of five days.

- The Roster of Assistants project has evolved since its launch in 2000-2001, when the Secretariat set out to develop a program to train assistants for dispute settlement panelists. When research indicated that adequate training opportunities already exist, the Secretariat refocused the project as explained in last year’s DPR. Criteria for qualifying junior lawyers and students of law have been established, based on data obtained earlier from Canadian Law Schools and a representative sample of roster members, and a “call for candidacy” is forthcoming. A word of special thanks should be addressed to Mr. Graham Cook, an articling student, for his careful analysis of our data and subsequent thoughtful list of selection criteria. These criteria will be used to determine eligibility for inclusion on our roster of assistants to support panelists who elect to use that resource. The United States and Mexican Sections are periodically informed of our accomplishments in this venture.

3.2 National and International Collaboration

As noted in Section 2, the NAFTA Secretariat administers independent, unbiased, impartial, and timely international trade dispute resolution processes. These processes and services are essential to the governments and economic organizations of the countries signatory to these agreements. In most cases, the involved national sections provide a joint administration of panel proceedings. However, the three national sections equally engage where all three Parties become participants in an arbitral panel proceeding. Therefore, the cooperation and collaboration of the national sections are important part of the process.

Additionally, although it is bound to observe an “arms length” distance from the government, the Canadian Section must collaborate with other departments and agencies to make sure resources allocated to it by Parliament are utilized according to the financial regulations and policies of the Government of Canada.

- The Canadian Section has demonstrated leadership in its national activities. For instance, it seized the opportunity of developing a relationship with the Department of Justice respecting their articling student program. The Canadian Section signed a memorandum of understanding ensuring the Department of Justice would select and send a qualified student on a regular basis, for a three-month internship period at the expense of the Canadian Section. This was successfully launched in 2002, although the initiative was announced in our *Report on Plans and Priorities* for 2002-2003. Prior to this accord, the Canadian Section had engaged its first articling student under the supervision of Professor J. Anthony VanDuzer of the University of Ottawa.

This arrangement gives students an insight into the NAFTA’s dispute settlement provisions. The Canadian Section benefits from the knowledge these students

bring to the Secretariat; they in turn get a first glance at what is involved in a trade law career.

- In 2001-2002, the Canadian Section collaborated with the Public Service Commission in a joint-venture leadership initiative to attract administrative assistants from employment equity groups who are looking for work experience in the FPS and who can also answer the needs identified in the organization. One member of a visible minority was provided valuable experience under this programme. Additionally, it participated in the Federal Student Work Experience Program and Federal Cooperative Education Internship Program. The total of four students were engaged under these two programmes.
- In its shared services arrangement with the Competition Tribunal, the Canadian Section has collaborated with the Tribunal in upgrading the courtroom facilities on a cost shared basis. In the future, the upgraded facilities could be used for electronically assisted hearing to better serve tribunal members, NAFTA panelists and counsel involved in the proceedings. The Canadian Section share of expenses in this collaborative endeavour was \$19,750.00 on contracting resources to upgrade the facilities.
- Within the Government of Canada, the Canadian Section has been a leader in the small agency community, as the Secretary is a member of the steering committees of both the Small Agency Committee on Modern Comptrollership and the Departmental Official Languages Champions.
- It has also taken the lead in initiating and implementing projects with its United States and Mexican sections counterparts. For example, the Canadian Section has overseen the development of a new web-enabled Integrated Registry Information System that allows all dispute settlement information within the control of the Secretariat to be managed through a single system. It was implemented in Canada in 2002; it was then adopted by the United States and Mexican Sections and it will be implemented in 2002-03 across all national sections. Contracting resources were used in the development and implementation in 2001-2002, as the Canadian Section expensed \$22,470.00.

Future improvements to this new application will facilitate timely access by Secretariat employees and clients to panel review information. When appropriate, it will also increase the dissemination of information through the Secretariat's web site, which already includes panel decisions, panel procedures, and the NAFTA legislation – in three languages, to serve all the citizens of North America. Exchanges of information continued between the national sections as to the content to be added on the Secretariat's web site.

- Furthermore, in 2001-2002, the Canadian Section brought up to date all the summaries of Motions and Orders panel filed in Canada. Professor J. Anthony VanDuzer of the Law Faculty of the University of Ottawa has supervised the

work of our first articling student Mr. Michael Veck, and their dedication is much appreciated. Resources spent on the articling student were \$25,130.00.

As a reminder, Motions, Responses and Orders are pleading documents submitted by counsel for participants to panelists in the course of a panel proceeding. After considering the motion and responses, the panel issues an Order. The Canadian Section now has a database for all panel proceedings regarding Motions and Orders dating back to the FTA. Panelists and assistants can now consult this reference more efficiently for researching precedents. During the fiscal year under review, discussions have been held with the United States and Mexican sections as to the milestones achieved in the Canadian initiative and it is now expected that the database will become tri-lateral with new summaries being written up in both countries.

3.3 Client Service Improvement

The Canadian Section's ambitious information management plans suffered a minor setback in 2001-2002 when the Section had difficulty replacing its information manager. Although delayed by the temporary absence of a key employee, significant progress was made during the year.

- First, we had the time to complete the announced policies and procedures concerning records classification and retention standards. A single system now integrates all documents related to the corporate and administrative aspects of the dispute settlement process.
- Second, the registry room has been physically redesigned to accommodate a new filing format dedicated exclusively to panel reviews. The Canadian Section expensed the total of \$7,795.00 in this undertaking. This is being done in preparation for the digitalization of panel review files and in accordance with the Government On-Line strategy, which anticipates web-enabled delivery of services to primary clients, as well as to researchers and members of the Canadian public with an interest in trade dispute settlement issues.
- Third, to build upon its existing reference capacity about international trade and dispute settlement processes, the Canadian Section is upgrading and expanding its office library. Important steps have been made so that its unique holdings will be accessible for use by students and academics for research purposes via the National Library of Canada's gateway. Also, through the NAFTA Secretariat web site, we have received a large number of queries respecting NAFTA matters. We have successfully responded on a timely basis or referred them to appropriate authorities.

3.4 Operational Efficiency and Effectiveness

The Secretariat's ability to maintain the high quality of service it provides its clients is in large part contingent on the capabilities of its employees. Small agencies such as the NAFTA Secretariat face a particular challenge in managing human resources.

Opportunities for employee promotion internally are usually rare, and when specialized staff depart for opportunities elsewhere, they can be difficult to replace.

- In 2001-2002, the Canadian Section developed two policies, one to help employees increase their skills and the second to help management recognize excellent performance. The latter is expected to foster employee's pride and encourage retention, as it will come into force April 1, 2002.

As to the former, continuous learning plans encourage employees to successfully follow a formal and agreed upon personal training and development plan to enhance their career prospects. As of March 31, half of the permanent staff had agreed to pursue an individualized curriculum.

- In April 2001, the Canadian Secretary signed a Staffing Delegation and Accountability agreement with the president of the Public Service Commission whereby the Secretariat assumes responsibility for properly exercising all delegated staffing authorities under the *Public Service Employment Act* and for meeting obligations under the *Employment Equity Act*. Already, visible minorities represent one-third of the Canadian Sections' permanent staff.
- Another memorandum of understanding partnership agreement was signed between the government departments, agencies and corporations for the software sharing of the HRIS (Human Resources Information Systems) and 2001-2002 saw its installation and enhancement.
- In 2001, the Canadian Section also reached an agreement with the Shared Human Resources Services of Public Works and Government Services Canada for the provision of pay and benefits support services and other Human Resources activities.
- As a result of the new Government Security Policy after the September 11, 2001 event, internal security was heightened in order to better protect the information contained in the registry files.

3.5 Openness and Accountability

In view of the increase of public interest in trade matters internationally, the Secretariat's participation in different public events and academic conferences is frequently sought. Also, the Canadian Section is orienting its management practices and procedures to reflect the accountability and openness principles inherent in the government's Modern Comptrollership initiative.

- The Canadian Secretary has presented nine lectures at seminars and conferences in Canada, Mexico and the United States to promote the dispute settlement mechanisms of the NAFTA. These presentations aimed at informing the public about the specifics of our mandate and more generally, about the benefits of all rules-based trade agreements. Coincidentally this year, these lectures were delivered in the English, French and Spanish languages.
- Contracting resources were used during the FIS (Financial Information Strategy) implementation phase and the Canadian Section expensed \$36,950.00 for consultants to support the initiative. Also, coding problems that emerged during the fiscal year, were successfully dealt with in collaboration with the CDFS (Common Departmental Financial System) staff. New versions of the CDFS and MRM (Management Reporting Module) have significantly improved the financial system reporting capabilities and facilitated the preparation of more diverse account reports.

As well, as a result of the implementation of the AMMIS (Automated Material Management Information System), the inventory and amortization of all assets were successfully completed. The new approach makes it possible to provide Responsibility Centre managers with individual budgets, and with monthly reports on those budgets.

For instance in the fiscal year, the historical costs of panel review expenses (from 1989 to the present) were retraced. This cost analysis will assist all three national sections of the Secretariat in their planning and budgetary processes. All financial transactions have been accurately reported to the Deputy Receiver General, and accounts reconciliation and assets amortization are now performed monthly.

- Following the government wide initiation of the Modern Comptrollership program, the Canadian Section received \$26,000.00 from the Treasury Board Secretariat to undertake the Capacity Assessment exercise. The assessment of Modern management practices within the Canadian Section included the input from all staff members. The result of the assessment will be used to develop an action plan to fully implement the Modern Comptrollership initiative.

HOW TO CONTACT US

Contacts and other relevant information:

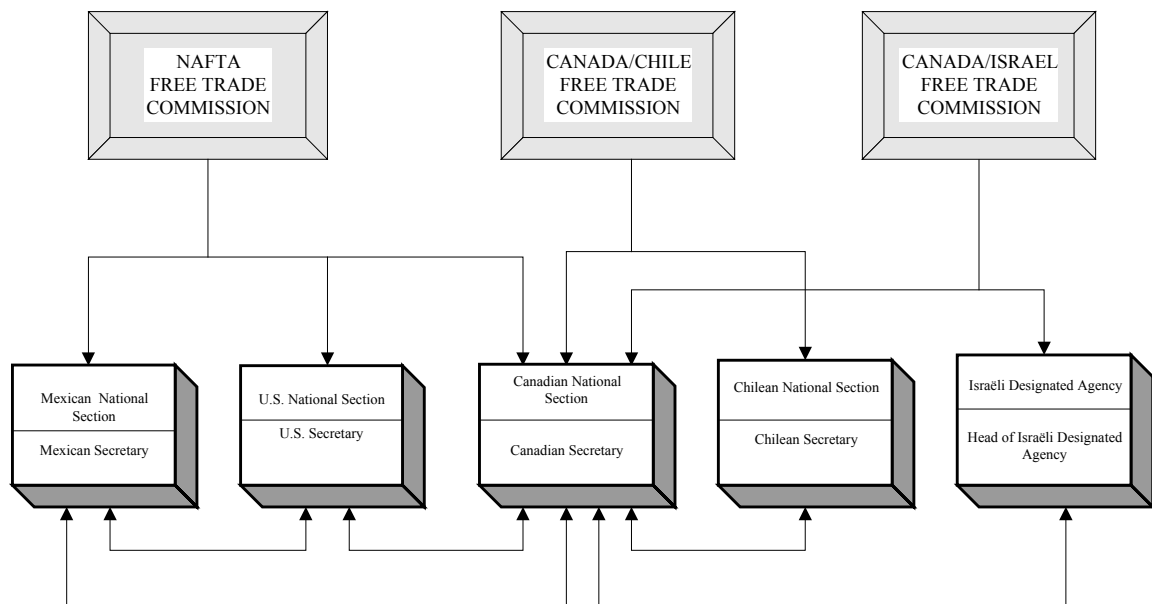
Canadian Secretary
NAFTA Secretariat, Canadian Section
90 Sparks Street, Suite 705
Ottawa, Ontario
K1P 5B4
Tel: (613) 992-9388
Fax: (613) 992-9392
Web Site: www.nafta-sec-alena.org

The NAFTA Secretariat, Canadian Section:

François Raynauld	Canadian Secretary	(613) 992-9382
Angela Vesey	Executive Assistant	(613) 992-9382
Michael P. Eastman	Deputy Secretary	(613) 992-9383
<hr/>		
Feleke Bogale	Registrar	(613) 992-9384
Rita Bolar	Archivist and Information Manager	(613) 992-2300
Lucille Collard	Counsel	(613) 944-1651
Annette Doucet	Manager, Administrative and HR Services	(613) 992-9386
Robert Holmes	Articling Student	(613) 943-7832
Mary-Ann Hue	Financial Analyst	(613) 992-9385
Rock Lafrance	Systems Manager	(613) 947-9311
Robert Lalonde	Deputy Registrar	(613) 992-8325
Francine Lambert	Records and Information Management Officer	(613) 992-2303
Collette Lavallée	Administrative Assistant	(613) 992-9388

**** Our E-mail addresses: Complete last name and first letter of the given name followed by : @nafta-sec-alena.org (ex: raynauldf@nafta-sec-alena.org).**

Organizational Chart



Guiding Principles

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

**The NAFTA Secretariat, Canadian Section's Parliamentary Accountability
Structure**



Financial Tables

Table # 1 - Summary of Voted Appropriations

Financial Requirements by Authority (\$ 000)				
Vote		2001-2002		
		Planned Spending	Total ² Authorities	Actual
	NAFTA Secretariat, Canadian Section			
50	Program	2,115	2,182	1,741
(S)	Contributions to Employee Benefit Plans (EBP)	141	141	141
	Total Agency	2,256	2,323 ³	1,882 ⁴

Table # 2 - Historical Comparison of Total Planned to Actual Spending

Historical Comparison of Total Planned to Actual Spending (\$ 000)					
Business Line	2001-2002				
	Actual 1999-2000	Actual 2000-2001	Planned	Total Authorities	Total
NAFTA Secretariat, Canadian Section	1,681	1,777	2,115	2,182	1,741
Total	1,681	1,777	2,115	2,182	1,741

Table # 3 - Non-respendable Revenues

Non-respendable Revenues (\$ 000)					
Business Line	2001-2002				
	Actual 1999-2000	Actual 2000-2001	Planned	Total Authorities	Actual
NAFTA Secretariat, Canadian Section	130	348	300	250	444
Total	130	348	300	250	444

² Total Authorities are the Secretariat's Main Estimates.

³ The increase of \$67,000 in the Total Authorities over the Planned Spending for 2001-2002 is due to Collective Bargaining Agreements of \$41,000 and the Modern Comptrollership Initiative of \$26,000.

⁴ Actual Expenditures less than Planned Spending for 2001-2002 is due primarily to the lower than anticipated proceedings filed under the NAFTA.