



**2003-2004
Estimates**

Report on Plans and Priorities

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

TABLES OF CONTENTS

SECTION 1: INTRODUCTION

A. MESSAGE TO THE MINISTER.....	1
B. MANAGEMENT REPRESENTATION STATEMENT	3

SECTION 2: RAISON D'ÊTRE4

SECTION 3: PLANNING OVERVIEW

3.1 CRITICAL ISSUES	4
3.2 TRENDS.....	5
3.3 RECENT DEVELOPMENTS	5
3.4 RISKS AND CHALLENGES.....	6
3.5 STRATEGIC RELATIONSHIPS.....	7

SECTION 4: PLANS AND PRIORITIES BY STRATEGIC OUTCOMES

4.1 SUMMARY	8
4.2 DETAILS.....	9
4.2.1 IMPLEMENTED FINANCIAL ASPECTS OF MODERN COMPTROLLERSHIP	9
4.2.2 CONTINUED IMPROVEMENT TO THE ADMINISTRATION OF THE DISPUTE	
SETTLEMENT PROCESS	10
4.2.2.1 REGISTRY OPERATIONS.....	10
4.2.2.1.1 REGISTRY INFORMATION SYSTEM.....	10
4.2.2.1.2 MOTION, RESPONSES AND ORDERS SUMMARIES	10
4.2.2.2 WEB ENHANCEMENT	10
4.2.2.2.1 NAFTA SECRETARIAT TRILATERAL WEB SITE	10
4.2.2.2.2 CANADIAN SECTION INTERNET WEB SITE	10
4.2.2.3 CANADA – COSTA RICA FREE TRADE AGREEMENT.....	11
4.2.2.4 SERVICE STANDARDS SURVEY.....	11
4.2.2.5 ROSTER OF ASSISTANTS	11
4.2.2.6 LEGAL EXCELLENCE PROGRAM	11
4.2.2.7 STUDY ON THE CHOICE OF DISPUTE SETTLEMENT FORUM	11
4.2.3 NEW EFFICIENCIES IN INFORMATION MANAGEMENT	12
4.2.3.1 GOVERNMENT ON LINE	12
4.2.3.2 LIBRARY ENHANCEMENT	12
4.2.3.3 RECORDS MANAGEMENT	13
4.2.4 CLUSTERING OPPORTUNITIES IN HUMAN RESOURCES MANAGEMENT.....	13
4.2.4.1 TUTORIAL PROGRAM IN CLASSIFICATION.....	13
4.2.4.2 PERFORMANCE MEASUREMENT.....	13
4.2.4.3 DEVELOPMENT PROGRAMS.....	13

SECTION 5: ORGANIZATION

5.1 INTRODUCTION	14
FIGURE 1: SUMMARY OF MANDATED RESPONSIBILITIES	15
5.2 ROLES.....	15
FIGURE 2: KEY RESULTS COMMITMENT CHART	16
5.3 RESPONSIBILITY CHART	19
FIGURE 3: THE NAFTA SECRETARIAT, CANADIAN SECTION'S ORGANIZATIONAL STRUCTURE	19
5.4 DEPARTMENTAL PLANNED SPENDING	20
TABLE 1: DEPARTMENTAL PLANNED SPENDING	20

SECTION 6: ANNEX

TABLE 2: SOURCE OF NON-RESPONDABLE REVENUE	20
TABLE 3: NET COST OF PROGRAM FOR THE ESTIMATES YEAR	21

SECTION 7: OTHER INFORMATION

7.1 SPENDING AUTHORITIES	21
TABLE 4: SPENDING AUTHORITIES –MINISTRY SUMMARY PART II OF THE ESTIMATES.....	21
7.2 MANDATED RESPONSIBILITIES	22
FIGURE 4: MANDATED RESPONSIBILITIES CHART	22
ANNEX A – GUIDING PRINCIPLES.....	23
ANNEX B – HOW TO CONTACT US	24

SECTION 1: INTRODUCTION

A.

MESSAGE OF THE MINISTER

Canada is a trading nation. Trade has been the principal driver of our economic performance. Over the last decade, Canadian exports as a proportion of total Gross Domestic Product have risen from 25 percent in 1991 to 43 percent in 2001. Well over two and a half million jobs have been created since 1993, linked in a large part to trade and investment with the world. In fact, an estimated one of every four jobs in Canada has been linked to our export success in global markets.

The NAFTA has made a significant contribution to these results. By strengthening the rules and procedures governing trade and investment on this continent, the Agreement has allowed trade and investment flows to skyrocket. Canada's two-way merchandise trade with the United States and Mexico reached \$584 billion in 2001, of which \$353 billion were Canadian exports. Through NAFTA, Canada has consolidated its position as the largest trading partner of the United States and turned Mexico into Canada's sixth-largest export destination and fourth source of imports worldwide.

As we approach the tenth anniversary of the NAFTA, which entered into force on January 1, 1994, there is no doubt that the Agreement has been a tremendous success in making North America one of the most efficient, integrated and competitive regions in the world. The reorientation of Canada's industrial structure, which has led to a sustained high rate of expansion of trade relative to Gross Domestic Product, was encouraged by the new opportunities and competitive pressures created by the Canada-U.S. Free Trade Agreement (FTA) and its successor, the NAFTA.

In such a large trilateral trade relationship, it is not surprising that trade disputes arise between the NAFTA countries. What is surprising is the relatively small number of disputes that have arisen. And when this is the case, the NAFTA provides the necessary mechanisms for a solution. The NAFTA Secretariat, comprised of a Canadian Section, a United States Section and a Mexican Section, is responsible for the administration of the dispute settlement provisions of the Agreement.

The Canadian Section also carries responsibility for similar provisions under the Free Trade Agreements with Chile and Israel. Additionally, I have assigned to the Canadian Section responsibility for the corresponding provision of the Canada-Costa Rica Free Trade Agreement, which entered into force on November 1st, 2002.

From April 1, 2002 to January 31, 2003, the NAFTA Secretariat administered 38 Chapter 19 panel reviews, including three pertaining to Softwood Lumber from Canada (antidumping, countervailing duty and material injury) and one Extraordinary Challenge Committee. Of these, 29 cases are still active, two are now completed and seven reviews have been terminated with the consent of the participants. During this period, eight decisions were rendered.

As announced last year, the Canadian Section of the NAFTA Secretariat is committed to furthering the use of its documentary assets, in order to facilitate public discussion about trade issues. Its staff is also participating fully in the Government of Canada's initiatives with regard to the Public Service and to the modernization of management practices. As examples of specific actions, the Canadian Section will engage in the following projects over the next fiscal year:

1. The enhancement of the NAFTA Secretariat internet website in order to improve navigation and functionality, thereby facilitating access to information in conformity with the Government on Line initiative;
2. The provision to the public, via the internet, of direct access to its library and reference center;
3. The expansion of the use of digital technology as a means of preserving documents, facilitating access and encouraging research on panel review documents; and,
4. The implementation of Modern Comptrollership practices, including clustering opportunities, as relevant to a small agency.

These activities will further ensure continued quality service in the management of dispute settlement processes.

The Honourable Pierre S. Pettigrew
Minister for International Trade

B.

Management Representation Statement

I submit, for tabling in Parliament, the 2003-2004 Report on Plans and Priorities (RPP) for the NAFTA Secretariat, Canadian Section.

This document has been prepared based on the reporting principles and disclosure requirements contained in the *Guide to the preparation of the 2003-2004 Report on Plans and Priorities*:

- It accurately portrays the organization's plans and priorities.
- The planned spending information in this document is consistent with the directions provided in the Minister of Finance's Budget and by the Treasury Board Secretariat (TBS).
- Is comprehensive and accurate.
- Is based on sound underlying agency information and management systems.

The reporting structure on which this document is based has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

François Raynauld
Secretary
NAFTA Secretariat, Canadian Section

Date

Section 2: Raison d'être

The Canadian Section of the NAFTA Secretariat has one primary objective: to maintain a high level of impartial and independent service in the administration of the dispute settlement provisions of the North American Free Trade Agreement, pursuant to Article 2002, in order to help preserve the benefits of free trade for all stakeholders.

Section 3: Planning Overview

3.1 Critical issues

The 2003-2004 fiscal year will coincide with the Tenth Anniversary of the implementation of the NAFTA¹. Over this decade, Canadians have come to appreciate the advantages of increased trade, as a recent survey² concluded that 82% of Canadians think it represents a significant contribution to the economy. Most families in Canada know someone dear to them that benefit from the secure access to the North American markets provided by the NAFTA, as 95% of trade between the participating countries is free of any dispute. This score is imperfect at this time because of the softwood lumber and wheat disputes with the United States, but over the years, the services provided by the NAFTA Secretariat have made possible the adjudication of similar disputes in an impartial, equitable, timely and transparent context.

North American national governments and businesses have come to depend on reliable, professional dispute settlement support. At a time when economic and social pressures are giving trade issues a higher profile than in the past, it is important to remember, as Minister Pierre S. Pettigrew wrote in last year's Report on Plans and Priorities, that "roughly 80% of the more than two million jobs created since 1993 can be attributed to our increased trade".

¹ The NAFTA came into force on January 1st, 1994.

² See Survey on Canadian Attitudes Toward International Trade, prepared by EKOS Research Associates, April 15th, 2002, Section 2, page 1.

3.2 Trends

As government institutions go, the Canadian Section of the NAFTA Secretariat has had a relatively short life. It was founded as the Canada – United States Free Trade Agreement Binational Secretariat in 1989, and became part of the NAFTA Secretariat with the signing of the NAFTA in 1994. Over the years, it has developed systems and procedures for administering disputes, secured the collaboration of several rosters of panelists willing and able to help settle disputes, and worked out relationships with the personnel of other national sections and with the NAFTA Free Trade Commission.

The Secretariat's overarching priority for the past two years and for the next two is to review, consolidate, and improve its management processes and systems. The aim is to take the Secretariat from a "birth and growth" phase to a steady "institutionalization" phase. By this we mean the recognition of the experience and contribution of key personnel involved in dispute settlement process, while protecting and building the value of the close to one hundred decisions that have been reached since its inauguration.

3.3 Recent developments

At this point in the institutionalization process, a policy to *Foster Pride and Recognize Performance* has been introduced in Human Resources for Canadian employees. Also, a new computer system developed by the Canadian Section of the NAFTA Secretariat that electronically registers incoming documents submitted by participants to a panel review, has been adopted by the national sections of the United States and Mexico. In Canada, the library and reference center is now linked with the National Library of Canada system in order to facilitate interlibrary loans, as all its library materials have been catalogued and referenced in the AMICUS database. A new acquisition strategy complements documents received from panelists and other scholars, so that the Secretariat will become a highly specialized source of information about trade dispute settlement history, mechanisms and issues.

Additionally, an exhaustive compilation of all Motions submitted by participants and Orders issued by panels involved in Canadian reviews is being conducted for the benefit of future panelists who would like to study the actions taken by their predecessors in such circumstances. An agreement with the Department of Justice has helped in this regard, as students under the supervision of the Legal Counsel of the Canadian Section are now spending a three-month period with the Secretariat and are summarizing these Motions and Orders, as part of their articling program.

The Canadian Section has also been called upon to contribute its knowledge and experience to the implementation of various government initiatives from the perspective of a small agency. For instance, the Secretary is an active member of the Small Agencies Steering Committee on Modern Comptrollership (M.C.), and working with other Deputy Heads to advance the Capacity Assessment process in the Government and its resulting M.C. projects and plans of action. He is also involved in the Treasury Board Secretariat's Steering Committee of Departmental Official Languages Champions, which deals with the coordination of the work of several sub-committees that promotes the use of Canada's both official languages in the workplace.

3.4 Risks and Challenges

In working to properly administer the dispute settlement provisions of the NAFTA and other Agreements (see Section 5), the Canadian Section faces several challenges:

- It operates in a tri-national, trilingual, multicultural environment. New initiatives often require extensive consultation and negotiation before they can be implemented.
- As a specialized small agency, the Secretariat faces certain human resource challenges, such as few lateral career opportunities for employees, a range of tasks that are to be performed by a small number of people, and heavy reliance on all employees as key employees. Retention is a major consideration.
- The workload – measured in active dispute settlement cases – is unpredictable. The number of panels established by the Parties to the Agreement and administered by the Canadian Section has ranged from a high of 13 in 1993 to a low of 1 in 1996. The only discernible trend is that the caseload appears to increase in the year or two following an economic downturn. This is probably because companies are more likely to challenge perceived transgressions of trade rules when times are tough than when times are good.
- Records management is increasingly challenging. The Secretariat is required by the Agreement to preserve records from past cases in perpetuity. It has to make records readily accessible to employees, panelists hearing active cases, lawyers, historians and students who are researching past cases.

The Canadian Section of the NAFTA Secretariat will take full advantage of modern management techniques and new technologies to ensure that its services continue to meet the high expectations of those who rely on the processes established in the NAFTA to resolve trade disputes.

The Canadian Section has an obligation to remain independent of the Government of Canada while still contributing to the achievement of key government management priorities such as Government on Line (GoL), effective communication with the public, Public Service recruitment and retention, employment equity, and Modern Comptrollership. Applying each initiative requires constant concern for preserving the impartiality of the Canadian Section of the Secretariat.

3.5 Strategic Relationships

In keeping with the GoL initiative, the Canadian Section of the NAFTA Secretariat is increasingly involved in reformatting the Secretariat's Web site and is fully committed to enhancing the Canadian Section's sub-site in order to respond to growing public interest in international trade agreements and their impact on the economy and society.

It is anticipated that a high volume of inquiries will originate from foreign observers and trade practitioners. The information requested relates to the progress and content of the proceedings administered by the NAFTA Secretariat national sections and other topics related to international trade. The changes to be introduced to our Web page, in co-operation with the other national sections, are specifically designed to respond appropriately to these requests.

Also, the working relationship with the United States and Mexican national sections is becoming closer, particularly to coincide with implementation in Canada of the GoL initiative. No changes can be made to the content of the Secretariat Web site without our partners' agreement, while any additions to the Canadian Section's part of the site must not cause controversy with the other national sections.

Finally, there is a plan to extend to the United States and Mexico the benefits anticipated to arise from the Canadian project of establishing an official roster of panel members' assistants. Members would continue to hire assistants as they wished or could use the services of an assistant who had satisfied the eligibility criteria established by the Secretariat national sections. In Canada, criteria have been selected, the list of qualified assistants is growing in number and consultations between the three national secretaries in this regard are on going.

Section 4: Plans and Priorities by Strategic Outcomes

4.1 Summary

The Treasury Board Secretariat has set the goal of adapting the culture of the Public Service to the new realities of the labour market. In fact, the Public Service needs to attract young and well-educated personnel, retain experienced civil servants and facilitate the intergenerational exchange of knowledge in order to secure the continuity of excellent service provided to the Canadian population, as a whole cohort of civil servants reaches the age of retirement. Younger recruits in particular, need to know more about why they are accomplishing this or that task, rather than how it is going to be performed. They also relish being accountable for what they are doing, as it increases their sense of realization and usefulness to their agency or department. As noted above (under 3.4), retention of personnel is also key to the performance of a small agency like the Secretariat and modern management practices can contribute greatly to this imperative. In this regard, the Canadian Section of the NAFTA Secretariat is fully committed to the implementation of Modern Comptrollership in its day-to-day operations.

In the past year, a Capacity Assessment³ was performed at the Canadian Section and a Plan of Action is being implemented in order to augment some ratings that could go higher if close attention is paid to our policies and procedures. Priority has been given to two issues about when Canadians want to be reassured regarding the operations of their Public Service; internal audit and risk management. Third on the list of priorities are issues of concern to employees, as one of the main purposes of Modern Comptrollership is to facilitate the retention of personnel. In the Plan of Action, a balance between measuring performance by management and fulfilling career aspirations and job satisfaction by employees is being sought.

The following sections of this report have been organized for the first time in terms of the Responsibility Centres⁴ introduced two years ago, as each centre is representing a strategic outcome for the Canadian Section of the NAFTA Secretariat, and all concerned employees have written their sub-section in consultation with each other. It is the belief of management that employees who recognize themselves in the plans and priorities proposed to the Canadian public as to their own work, will perform better than if those activities are imposed upon them by management. Of course, these activities have been discussed and approved by the Secretary and Deputy-Secretary who are ultimately accountable for their achievement.

3 Modern Comptrollership Capacity Assessment is a detailed self-assessment tool used by all federal departments and agencies to assess the state of modern management practices within their organisations in relation to 34 criteria grouped around seven elements (Strategic Leadership, Motivated People, Shared Values and Ethics, Integrated Performance Information, Mature Risk Management, Rigorous Stewardship, and Clear Accountability). This baseline assessment involved interviews with managers and staff and allowed for the identification of priority areas for improvement.

4 As part of its implementation of the Financial Information Strategy (FIS), a Government-wide initiative intended to enhance decision-making and improve organizational performance through the strategic use of financial information, the Canadian Section introduced a revised organizational structure that created five Responsible Centers (RC). These RC's are designed to permit managers to control the budgets under their responsibility.

4.2 Details

4.2.1 Implement financial aspects of Modern Comptrollership

As part of its commitment to provide Canadians with better results and to pursue its efforts to put comptrollership's best practices at the heart of its daily activities, the NAFTA Secretariat is undertaking the establishment of an internal audit framework.

To achieve this objective, the Secretariat has accepted the invitation of the Department of Human Resource Development Canada to participate as a representative of small agencies, in the development and piloting of "An Assurance Audit Guide" for the implementation of Modern Comptrollership. The intent of this guide is to serve as a tool that can be used by managers as well as auditors to benchmark and assess their progress in implementing Modern Comptrollership. This project is complementary to our other major comptrollership endeavors, which have been undertaken in partnership with four other small agencies; the development of "A Risk Management Framework" and implementation strategy that is tailored to small agencies.

The lessons learned and best practices gained from our involvement in the development and implementation of the Internal Audit guide will be widely shared among the small agency community. This will enable the Secretariat to provide leadership as an Internal Audit model for small agencies, enabling us to assist them in the establishment of their own internal audit framework. The project will begin December 2002 and is expected to end around March 2004.

Additionally, thanks to the experience acquired in the past two years, it is now time to proceed in reformulating the financial policies and procedures of the Canadian Section of the NAFTA Secretariat. Certain of these policies have become outdated since the implementation of the Financial Information Strategy (FIS). Our objective is to create a corpus of written procedures that will last. The project will begin in April 2003 and end in March 2004.

4.2.2 Continued Improvements to the Administration of the Dispute Settlement Process

4.2.2.1 Registry Operations

4.2.2.1.1 Registry Information System

In May of 2002, the NAFTA Secretariat implemented its new web-enabled Registry Information System. This application allows all dispute settlement information within the control of each national section of the NAFTA Secretariat to be shared through a single system. In 2003-2004, the NAFTA Secretariat will further enhance the various reports generated by the system and incorporate the Motions and Orders reporting tools. The enhancement project is estimated to cost \$15,000.

To ensure the consistency of the data captured by the Registry Information System in the three national sections, a user guide is being developed.

4.2.2.1.2 Motions, Responses and Orders Summaries

By the end of 2003, summaries of motions, responses and orders filed in panel reviews will be completed and integrated into the Registry Information System. This will provide reliable access to a comprehensive source of historical data on the dispute settlement process. To develop the system and update all historical data for all three national sections, the expected cost will be approximately \$25,000.

4.2.2.2 Web Enhancement

4.2.2.2.1 NAFTA Secretariat Trilateral Web Site

The Canadian Section, in collaboration with the Mexican and the United States sections, will enhance the NAFTA Secretariat Internet Web site in order to improve navigation and functionality, thereby facilitating access to information. The project team has been established. It is expected that the new version of the improved Web site will be launched in the first quarter of the 2003-2004 fiscal year. The project is expected to cost \$50,000.

4.2.2.2.2 Canadian Section Internet Web Site

In the first quarter of 2003-2004, in fulfillment of the GoL initiative, the Canadian Section will fully implement its web enhancement strategy in order to fully comply with GoL and to improve the presentation, navigation and functionality of the site. This should facilitate access to available information. The new version of the Canadian Section Web Site is expected to cost \$30,000.

4.2.2.3 Canada – Costa Rica Free Trade Agreement

The Canada – Costa Rica Free Trade Agreement entered into force on November 1st, 2002. The Minister for International Trade assigned the Canadian Section the responsibility for the dispute settlement provisions of this Agreement to the Canadian Section, as of that date.

4.2.2.4 Service Standards Survey

The Secretariat has been monitoring the level of client satisfaction by conducting surveys upon the completion of a panel review. The survey established in 1993 was designed for panelists only. The Secretariat will expand on this initiative by designing a service standards survey for counsel involved in the dispute settlement process. Feedback will assist the NAFTA Secretariat in continuing to ensure the highest quality of service.

4.2.2.5 Roster of Assistants

In 2003-2004, the Secretariat will continue to process the applications of interested candidates for the Roster of assistants to panelists. In the fall of 2003, the Secretariat will establish a list and, upon selection to a case, will communicate it to the members of panels in order to advise them of the availability of qualified individuals to serve as assistants. The results of this Canadian lead project will also be discussed with the other national sections, with a view to expand the application process to all three countries.

4.2.2.6 Legal Excellence Program

In the last quarter of 2003-2004, the Secretariat will evaluate its agreement with the Department of Justice regarding the participation of the Canadian Section of the NAFTA Secretariat in the Legal Excellence Program. The objective of this initiative is to allow graduate students in law with an interest in international trade to acquire a basic knowledge of the dispute settlement system under the NAFTA, while providing the Secretariat with a supplementary legal resource that can be used to advance specific projects. At the end of fiscal 2002-2003, four students had completed a three-month rotation at the Canadian Section and their level of satisfaction is extremely high (as measured by an exit survey from three students).

4.2.2.7 Study on the Choice of Dispute Settlement Forum

The NAFTA Article 1904 binational panel review process is an alternative to judicial review by domestic courts of final determinations of Antidumping and Countervailing Duty matters. Since the inception of the Canada-U.S. Free Trade Agreement (FTA) and then the NAFTA, a number of complaining parties have appealed to the NAFTA dispute settlement process while others have chosen the domestic courts. In 2003-2004, the Secretariat will conduct a study to determine the rationale behind the choice of forum by parties to a trade dispute.

4.2.3 New Efficiencies in Information Management

4.2.3.1 Government on Line

The Canadian Section of the NAFTA Secretariat fully supports the GoL principles. Already, the Canadian Section Internet subsite is totally compliant with those principles. The challenge now is to fully exploit the potential of the GoL to reach new audiences and to provide more services to Canadians.

For instance, at this time, only panel decisions are readily available to the public through the NAFTA trilateral Web site. All other documents related to each panel review are of a public nature but difficult to access. Digitalization could provide better diffusion of those documents. The Canadian Section has defined three key principles to guide decision making toward the use of digital technology in our organisation: *preservation, access* and *research*. Expenses related to the solutions adopted will have to relate to these three principles. The objective is to digitalize all documents conserved by the Canadian Section, which are related to all the panel reviews conducted under the NAFTA. This easily accessible format is to be implemented for the benefit of all stakeholders, as well as to mitigate any risks of loss or deterioration. In fact, the Secretariat is required by the NAFTA Agreement to preserve in perpetuity, in paper-form, all historic records from past cases. In order to include the FTA cases filed in Washington and the American and Mexican cases, the Canadian Section will begin a dialogue between the three National Sections to extend digital access to all documents that are under the care of the NAFTA Secretariat as a whole.

4.2.3.2 Library Enhancement

The Canadian Section has a small but unique collection of books and reports concerning international trade and dispute settlement issues. It will continue to develop that center of knowledge in accordance with the acquisition strategy previously established. The enhancement contemplated for 2003-2004 is to migrate its existing database to a software (WEBPUBLISHER PRO) that will enable the public to direct access to our library and reference services by March 2004. This project is expected to cost \$15,000 to \$20,000.

Also, by June 2003 the Canadian Section will partner in the [Virtual Reference Centre](#) service available via the National Library of Canada. This caters to the needs of all Canadians by connecting institutions across the country and internationally to a free, bilingual reference network.

4.2.3.3 Records Management

A guideline on the management of E-mail messages will be developed and introduced by December 2003.

4.2.4 Clustering Opportunities in Human Resource Management

4.2.4.1 Tutorial Program in Classification

As a part of the career development initiatives implemented in the Secretariat, the manager of Human Resources will be given the opportunity to acquire the expertise and accreditation required in order to classify line positions in this agency. The expertise is immediately transferable to other small agencies and therefore, clustering opportunities with those agencies will be actively promoted by management.

While this specialization no doubt exceeds the actual requirement of this agency, it is, nevertheless, an excellent opportunity for career advancement in a small organisation such as ours. Not only will this specialization enable the Secretariat to promote clustering opportunities with other agencies and to save money while doing so, but it will also contribute to the modernization of human resources in the Federal Government.

4.2.4.2 Performance Measurement

Under the direction of senior management, all Responsibility Centre (RC) Managers and equivalents have prepared a set of key performance indicators, which will be updated on an annual basis. This is to ensure that priorities and work performance indicators are integrated into the overall management planning process for the Secretariat, in continuity with the Modern Comptrollership initiative. An evaluation process has also been developed whereby employees will be assessed against these clearly identified indicators. Training requirements, where appropriate, will also be identified.

4.2.4.3 Development Programs

The Secretariat will continue to be involved in and support the Federal Government's "Employer of Choice" initiative that is designed to recruit individuals into the public service. The Secretariat participates in a Joint Venture Program with the Public Service Commission to attract administrative assistants from employment equity groups, it provides work experience opportunities to university and high school Co-Op students, it engages summer students, and it participates as noted above in the Legal Excellence Program at the Department of Justice.

5.1 Introduction

The NAFTA Secretariat, comprised of the Canadian, United States and Mexican sections, is a unique organization established by the Free Trade Commission, pursuant to Article 2002 of the NAFTA. 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 provisions. Each national section maintains a court-like registry relating to panel, committee and tribunal proceedings.

A similar administrative body, the Binational Secretariat, existed under the Canada - United States Free Trade Agreement. 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, which are "mirror-images" of each other, are located in Ottawa, Washington and Mexico City and each are headed by a Secretary appointed by their respective government.

Additionally, the national sections have been given responsibilities relating to the administration of non-NAFTA dispute settlement processes.

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

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

The legislation governing the work of the NAFTA Secretariat, Canadian Section is as follows:

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

Figure 1 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	investor – state disputes regarding investment matters	may act as a depository for notices of arbitration
	failure to abide by or comply with a tribunal's final award	may be referred to Chapter 20 dispute settlement procedures
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 or injury final determinations	may be referred to a binding binational 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
Canada-Costa Rica Free Trade Agreement		
Chapter XIII	disputes concerning the interpretation or application of the Agreement	may be referred to arbitral panels

5.2 Roles

In the administration of the dispute settlement provisions of the relevant Agreements, the NAFTA Secretariat, Canadian Section provides professional and advisory support to panels and committees and coordinates all panel and financial aspects of the process (see figure 2, pages 16-18).

In addition to the assistance provided in support of the dispute resolution process, the Canadian Section is also involved in facilitating the operation of these agreements through the provision of information and professional services. This is achieved through initiatives such as the establishment of an Internet Web site, the maintenance of a library and reference centre, research and analysis of trade related issues and, through collaboration with other national sections, establishment of management, policy, and procedural frameworks.

Figure 2 Key results Commitment

Key Results Commitment	Planned Results	Related Activities
Appropriate administration of the dispute settlement provisions of the North American Free Trade Agreement, the Canada-Israel Free Trade Agreement, the Canada-Chile Free Trade Agreement, and the Canada-Costa Rica Free Trade Agreement in a manner which ensures unbiased administrative processes, equity, security and fairness while providing quality services	<p>Unbiased and Equitable Administrative Process</p> <p>Highest Quality Service</p>	<ul style="list-style-type: none"> • applying fair and equitable procedural and administrative policies • ensuring compliance to the rules of procedures and to the agreements • administering a court-like registry for the panel review process • developing a plan for the Government On Line initiative to ensure connectivity with the NAFTA Secretariat Web site infrastructure • updating the information technology used in service delivery including the Registry information system, the Motions and Orders Database and the NAFTA Secretariat Internet Web site • maintaining the performance of current and new information technology settings • conducting research and analysis in areas of trade dispute resolution mechanisms • monitoring client level of satisfaction by conducting surveys upon the completion of panel reviews • promoting on-going employee professional development

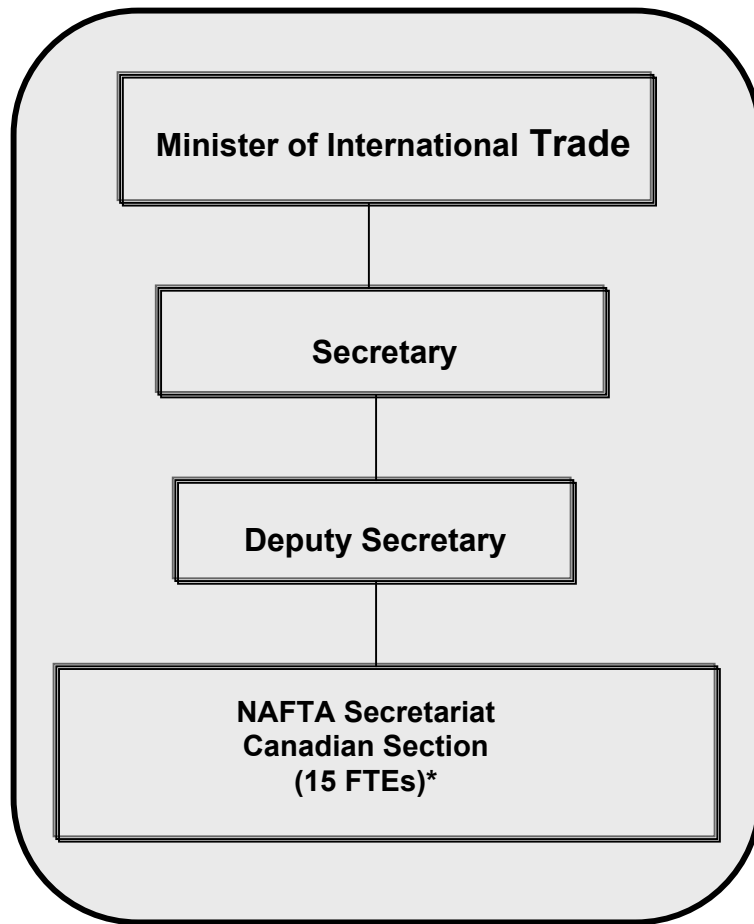
	<p>Support to Stakeholders</p>	<ul style="list-style-type: none"> ● providing: <ul style="list-style-type: none"> - timely and accurate information - research support - procedural advice - administrative support - assistance to the relevant free trade commissions, the related committees and the working groups ● responding to queries ● planning and coordinating activities to provide logistical support to all panels established under the relevant agreements
	<p>Openness and Accountability</p>	<ul style="list-style-type: none"> ● providing access to documents, decisions, reports and statistical information ● promoting the full understanding of Canada's free trade goals and achievements to all levels of government, the private and voluntary sectors, individuals and the media through the provision of effective communications including the production of brochures, pamphlets and leaflets ● developing policies, procedures and systems for archiving panel review records and for managing all other documents related to the dispute settlement provisions of the relevant agreements

	<p>Operational Efficiency and Effectiveness</p>	<ul style="list-style-type: none"> • ongoing enhancement of the NAFTA Secretariat Internet Web site by adding additional functionality • elaborating plans for implementing, installing and supporting current and new information technology systems • establishing, in coordination with other national sections, management, policy and procedural frameworks in fulfilling the mandate of the NAFTA Secretariat • providing financial administration support to panels • planning and coordinating activities to provide logistical support to all panels established under the relevant Agreements
	<p>National/International Collaboration</p>	<ul style="list-style-type: none"> • coordinating with other national sections the establishment of management, policy and procedural frameworks in fulfilling the mandate of the NAFTA Secretariat • developing a roster of assistants in collaboration with other national sections • being available to assist with the start-up of the designated Israeli Agency, the Chilean national Section and the Costa Rican National Section, for the administration of the dispute settlement provisions of the Agreements • consulting and liaising with other government and non-governmental organizations to keep abreast of developments in trade issues and practices and dispute resolution mechanisms

5.3 Responsibility Chart

The NAFTA Secretariat, Canadian Section, has one program and one business line. For financial purposes accountability, the reporting structure is to Parliament through the Minister for International Trade (see figure 3).

Figure 3 The NAFTA Secretariat, Canadian Section's Organizational Structure



* Full Time Equivalent (FTE): A full time equivalent is the unit of measurement for personnel resources and refers to the employment of one person for one full year or the equivalent thereof. FTEs are not subject to Treasury Board control but are disclosed in Part III of the Estimates in support of personnel expenditure requirements.

5.4 Departmental Planned Spending

The NAFTA Secretariat, Canadian Section's Operating Budget for the 2002-2003 fiscal year is \$2,924,000. Based on the current patterns of expenditures it is estimated that the total net cost of Program Spending to March 31st, 2003 will be \$2,960,000.

Table 1: Departmental Planned Spending

(\$ thousands)	Forecast Spending 2002-2003	Planned Spending 2003-2004	Planned Spending 2004-2005	Planned Spending 2005-2006
Budgetary Main Estimates (gross)	2,304	2,930	2,930	2,930
Less: Respendable Revenue	0	0	0	0
Total Main Estimates	2,304	2,930	2,930	2,930
Adjustments	620	0	0	0
Net Planned Spending	2,924 ⁵	2,930	2,930	2,930
Less: Non-Respendable Revenue	(150)	(150)	(150)	(150)
Plus: Cost of services received without charge	186	205	205	205
Net cost of Program	2,960	2,985	2,985	2,985

Full Time Equivalents	15	15	15	15
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Section 6: Annex

Table 2: Source of Non-Respendable Revenue

(\$ thousands)	Forecast Revenue 2002-2003	Planned Revenue 2003-2004	Planned Revenue 2004-2005	Planned Revenue 2005-2006
NAFTA Secretariat, Canadian Section				
Recovery of Panel Expenses	(150)	(150)	(150)	(150)
Total Non-Respendable Revenue	(150)	(150)	(150)	(150)

⁵ Reflects the best forecast of total Net Planned Spending for the Fiscal Year ending March 31st, 2003.

Table 3: Net Cost of Program for the Estimates Year

(\$ thousands)	Total
NAFTA Secretariat, Canadian Section	
Net Planned Spending	2,930
<i>Plus: Services Received without Charge</i>	
Accommodation provided by Public Works Government Services Canada (PWGSC)	129
Contributions covering employees' insurance premiums and expenditures paid by TBS (excluding revolving funds)	76
<i>Sub-total</i>	3,135
<i>Less: Non-Respendable Revenues</i>	(150)
Net Cost of Program 2003-2004	2,985

Section 7: Other Information

7.1 Spending Authorities

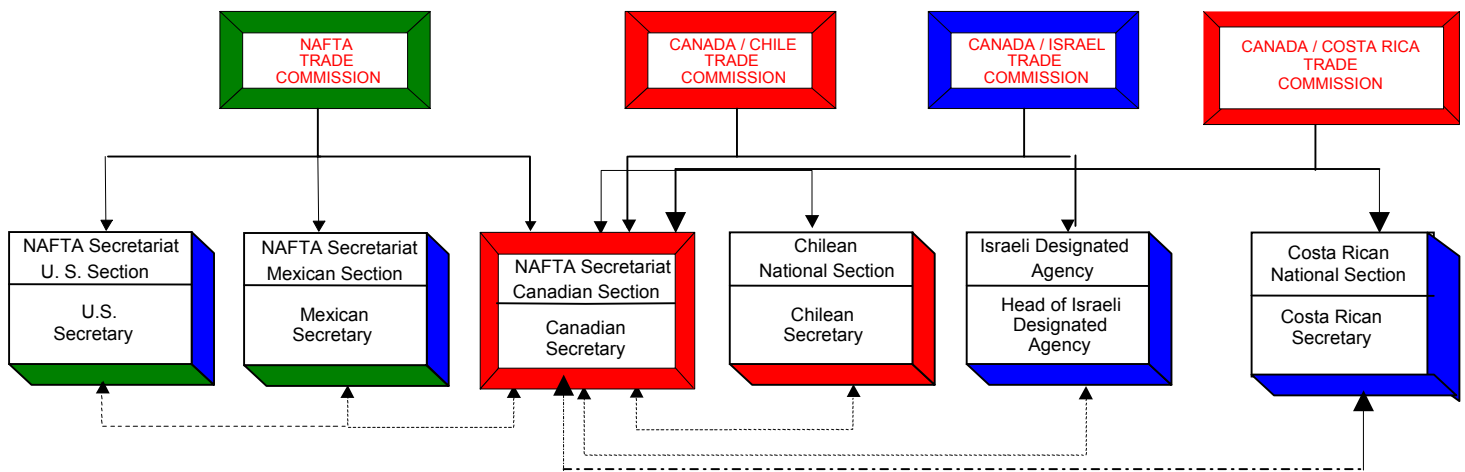
Table 4: Spending Authorities - Ministry Summary Part II of the Estimates

Vote		2003-2004 Main Estimates (\$ thousands)	2002-2003 Main Estimates (\$ thousands)
	NAFTA Secretariat, Canadian Section		
50	Program Expenditures	2,729	2,152
(S)	Contributions to Employee Benefits Plan (EBP)	201	152
	Total Agency	2,930	2,304

7.2 Mandated Responsibilities

The organization is headed by the Canadian Secretary who reports to the Minister for International Trade for parliamentary accountability. The Secretary also reports to the appropriate free trade commissions for the administration of the dispute settlement processes under the NAFTA, CCFTA, CIFTA or the CCRFTA.

Figure 4 *Mandated Responsibilities Chart*



ANNEX A

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 that implements transparent management processes and accountability to both 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 in order 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 to offer them the opportunity to advance their careers through continuous learning.

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